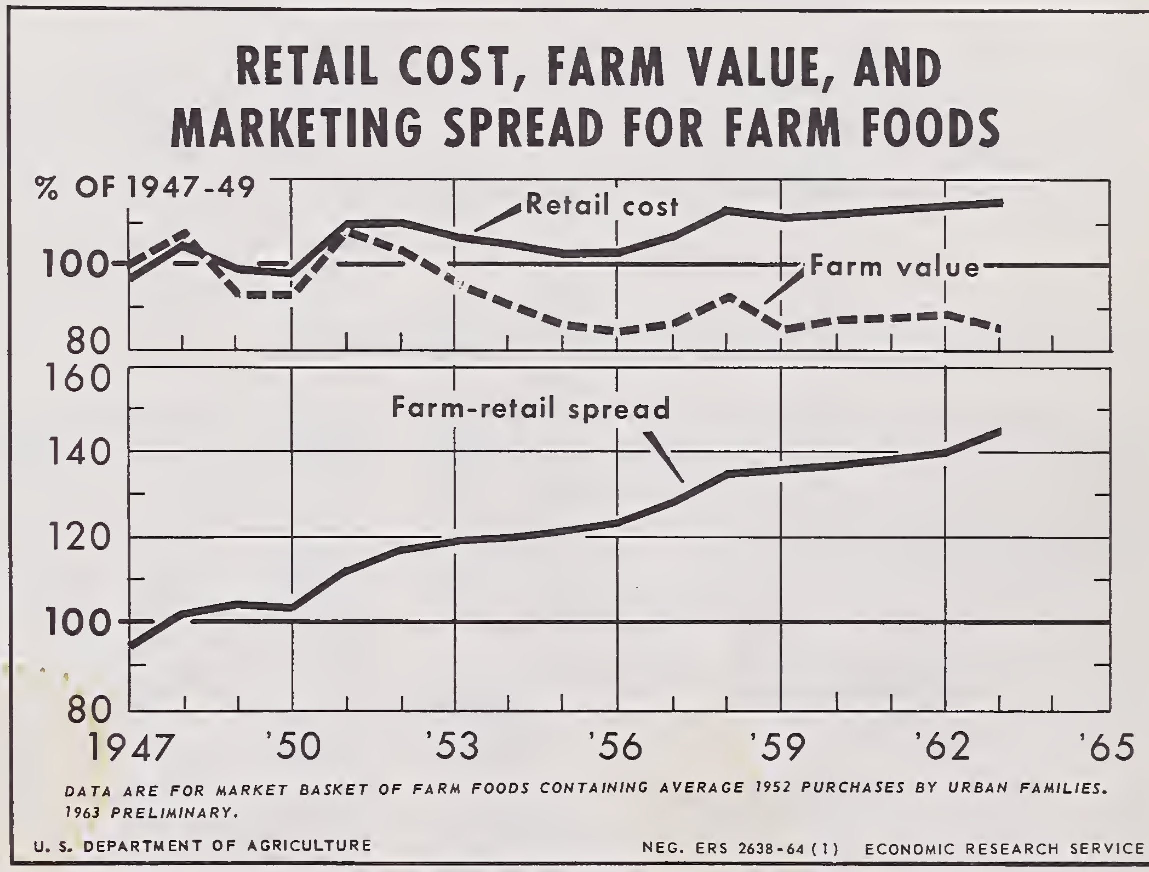
MARKETING and TRANSPORTATION SITUATION

MTS-152 | For Release February 7, P. M. | FEBRUARY 1964

The retail cost of the market basket of farm-originated food products rose 1 percent from 1962 to 1963. But the return to farmers (the farm value) from these products decreased 4 percent. These divergent movements caused the farm-retail spread (a measure of marketing charges) to widen 4 percent, the largest year-to-year increase since 1958. Costs incurred by marketing firms continued to rise last year.

A large increase in the farm-retail spread for beef caused much of the widening in the market basket spread in 1963. Prices farmers received for beef cattle declined far more than retail prices of beef. Marketing spreads for processed orange products also increased sharply as retail prices of these products rose much more than prices growers received for oranges. Spreads for several other products increased moderately.



IN THIS ISSUE

Published quarterly by
ECONOMIC RESEARCH SERVICE • U. S. DEPARTMENT OF AGRICULTURE

STATISTICAL SUMMARY OF MARKET INFORMATION

Item	Unit or base period	1962 Year	1962 Oct.-Dec.	1963 Apr.-June	1963 July-Sept.	1963 Oct.-Dec.
Farm-to-retail price spreads						
Farm-food market basket: 1/						
Retail cost	Dol.	1,068	1,069	1,071	1,087	1,075
Farm value	Dol.	409	410	389	397	391
Farm-retail spread	Dol.	659	659	682	690	684
Farmer's share of retail cost	Pct.	38	38	36	37	36
Cotton: 2/						
Retail cost	Dol.	2.15	2.16	2.17	2.17	---
Farm value	Dol.	.33	.32	.33	.32	---
Farm-retail spread	Dol.	1.82	1.84	1.84	1.85	---
Farmer's share of retail cost	Pct.	15	15	15	15	---
Cigarettes: 3/						
Retail cost	Ct.	27.8	---	---	---	---
Farm value	Ct.	3.86	---	---	---	---
Federal and State excise taxes	Ct.	12.5	---	---	---	---
Farm-retail spread excluding excise taxes	Ct.	11.4	---	---	---	---
Farmer's share of retail cost	Pct.	14	---	---	---	---
General economic indicators						
Consumers' per capita income and expenditures: 4/						
Disposable personal income	Dol.	2,060	2,085	2,117	2,132	2,160
Expenditures for goods and services	Dol.	1,905	1,933	1,960	1,977	1,996
Expenditures for food	Dol.	394	396	398	400	400
Expenditures for food as percentage of disposable income	Pct.	19.1	19.0	18.8	18.8	18.5
		1962 Year	1962 Dec.	1963 Oct.	1963 Nov.	1963 Dec.
Hourly earnings, production workers, manufacturing 5/	Dol.	2.39	2.42	2.47	2.49	2.50
Hourly earnings of food marketing employees 6/	Dol.	2.10	2.13	2.17	2.20	---
Retail sales: 7/						
Food stores	Mil. dol.	4,801	4,908	4,943	4,984	
Apparel stores	Mil. dol.	1,195	1,241	1,150	1,173	1,297
Manufacturers' inventories: 7/						
Food and kindred products	Bil. dol.	6.08	6.08	6.06	6.07	---
Textile mill products	Bil. dol.	2.61	2.61	2.80	2.84	---
Tobacco products	Bil. dol.	2.39	2.39	2.32	2.34	---
Indexes of industrial production: 8/						
Food and beverage manufactures	1957-59=100	114	115	119	118	---
Textile mill products	1957-59=100	115	113	121	122	---
Apparel products	1957-59=100	119	122	128	130	---
Tobacco products	1957-59=100	112	111	114	---	---
Index of physical volume of farm marketings	1947-49=100	136	162	205	188	158
Price indexes						
Consumer price index 5/	1957-59=100	105.4	105.8	107.2	107.4	107.6
Wholesale prices of food 5/	1957-59=100	100.6	99.9	101.0	101.9	99.9
Wholesale prices of cotton products 5/	1957-59=100	101.7	100.8	100.2	101.3	101.5
Wholesale prices of woolen products 5/	1957-59=100	99.1	100.2	100.6	101.6	102.5
Prices received by farmers 9/	1957-59=100	100	101	100	100	98
Prices paid by farmers, interest, taxes, and wage rates 9/	1957-59=100	105	106	106	106	106

1/ Average quantities of farm food products purchased per wage-earner or clerical-worker family in 1952. Estimates of the farmer's share do not allow for Government payments to producers. 2/ Data for average family purchases in 1950 of 25 articles of cotton clothing and housefurnishings divided by number of pounds of lint cotton required for their manufacture; see U. S. Dept. Agr. Mktg. Res. Rpt. 277. 3/ Data for package of regular-sized popular brand cigarettes; farm value is return to farmer for 0.065 lb. of leaf tobacco of cigarette-types; data for year ended June 30, 1963. 4/ Seasonally adjusted annual rates, calculated from Dept. of Commerce revised data. Fourth quarter 1963 data are from preliminary estimates by the Council of Economic Advisers. 5/ Dept. Labor. 6/ Weighted composite earnings in food processing, wholesale trade, retail food stores, calculated from data of Dept. Labor. 7/ Seasonally adjusted, Dept. Commerce. Sales data for 1962 are averages of monthly totals (unadjusted). Inventory data for 1962 are book values at end of year (adjusted). 8/ Seasonally adjusted, Board of Governors of Federal Reserve System. 9/ Converted from 1910-14 base.

Approved by the Outlook and Situation Board January 28, 1964

CONTENTS

SUMMARY

Charges for marketing farm-originated food products average 4 percent higher in 1963 than in 1962, as measured by the spread between the retail cost and farm value of the farm food "market basket." The rise last year was the largest since 1958 and double the average annual increase that occurred from 1953 to 1962. Beef, processed orange products, and bread accounted for about three-fourths of the increase in 1963, though charges for marketing many other products also increased.

Much of the increase in the market basket farm-retail spread in 1963 came in the first quarter when prices farmers received for beef cattle decreased much more than retail prices of beef. Also a large part of the increase occurred because prices growers received for oranges lagged behind rapidly rising retail prices of processed orange products.

Costs incurred by marketing firms increased last year. Labor costs per unit of product marketed continued to rise. However, prices of many of the goods and services used by marketing firms remained at about the same level in 1963 as in 1962. Depreciation charges, State and local taxes, and other costs rose. Available data indicate that profits of marketing firms per dollar of sales were about the same last year as in 1962.

Prices farmers received for the farm products equivalent to the foods in the market basket averaged 4 percent lower in 1963 than in the preceding year. Most of this reduction resulted from decreases in prices of beef cattle and hogs, as marketings increased substantially. Farm prices of many of the fresh vegetables, wheat, chickens, and several other products were down last year, but most decreases were small.

Retail prices of farm-originated food products averaged 1 percent higher in 1963 than in 1962. Much of the rise resulted from increases in prices of

fresh and processed citrus fruits. Prices of these products rose sharply following a December (1962) freeze in Florida and a January (1963) freeze in California. Prices of sugar, bread, and several other products also were higher. But prices were lower for beef, pork, most dairy products, chickens, most fresh vegetables, and most fats and oils.

Farmers received an average of 37 cents of the dollar consumers spent for farm-originated food products in retail food stores last year, 1 cent less than in 1962. This was the smallest annual average share farmers have received since 1934, when the share averaged 34 cents.

Highlights of Special Articles

Farm-retail spreads in 11 major cities of the United States decreased by an average of 1.7 percent for large eggs and increased 2.5 percent for frying chickens from 1962 to 1963. Similar spreads for medium size turkeys in 5 major cities in October-December pricing periods widened 3.4 percent from 1962 to 1963. Reduced farm-retailer spreads accounted for the decrease in gross spreads for eggs; the increase in gross spreads of frying chickens and medium turkeys was due to wider retail store spreads. Prices at all market levels generally averaged higher for eggs and turkeys but lower for frying chickens in 1963 than in the previous year. The farmer's share of retail prices in these 11 major cities increased in 1963 compared with 1962 for large eggs, but decreased for frying chickens and medium turkeys. (Marketing Spreads for Eggs, Frying Chickens, and Turkeys in Selected Cities of the United States, p. 11).

The farm-retail spread for Choice grade beef increased to 35.7 cents per retail pound in 1963--a new record. It was 17 percent wider in 1963 than in the preceding year and 11 percent wider than the previous record established in 1961. The spread increased as prices farmers received for beef cattle decreased more rapidly than retail prices of beef in response to expanding production. The retail price averaged 81.0 cents per pound in 1963, down 1.4 cents from 1962, while the farm value dropped 6.5 cents to 45.3 cents. Retail prices of pork and farm prices of hogs also decreased from 1962 to 1963 as a result of increased production. Farm prices, however, declined less for hogs than for beef cattle, and the farm-retail spread increased much less for pork than for beef. (Marketing Spreads for Beef and Pork, p. 17).

Cost information provided by meatpackers in the Cornbelt and adjoining Southern and mid-Atlantic States shows that costs of slaughtering, shipping, and delivery services made up 6 percent of the average retail price of pork during October 1962--March 1963. During this period, the farmer's share of the retail price averaged 50 percent. In the winter quarter of 1963, live hog buying operation cost these packers an average of 0.14 cent per pound of wholesale cuts. (This cost, of course, did not include prices paid for hogs.) Slaughtering, dressing, and packaging cost 2.7 cents per pound; shipping and selling dressed pork cost 0.5 cent; and distribution of the product to retailers cost 0.27 cent. The packers' total cost was 3.61 cents per pound, a little less than in the preceding quarter. Prices of live hogs and wholesale prices of pork and byproducts dropped sharply during this period. And the packers' spread between the cost of purchased live hogs and dressed pork and their returns from sales widened 5 percent. (Meatpackers' Costs for Slaughtering Hogs and Distributing Fresh Pork, p. 20.)

The average retail price of a 1-pound loaf of white bread was 21.6 cents in 1963, an all-time high. This was 60 percent higher than the 1947-49 average, over twice the average rise in prices of all foods and nearly double the rise in the Consumer Price Index.

An increase in the baker-wholesaler spread accounted for 72 percent of the rise in the retail price of bread. Rising

labor costs were a major factor increasing this spread. Output per man-hour by production workers in the baking industry rose less than their hourly earnings, and output per man-hour by nonproduction workers declined. Much of this decline resulted from sales and delivery problems.

The spread taken by each of the other major agencies in the marketing process also increased. The total farm-retail spread increased to 18.5 cents in 1963 from 18.1 cents in 1962. The 1963 spread was approximately four-fifths larger than the 1947-49 average of 10.2 cents.

Farmers received 3.1 cents in 1963 from the ingredients in a 1-pound loaf of bread, the same as in 1962, but 0.2 cent less than in 1947-49. Wheat accounted for 2.5 cents of the ingredients total, 0.1 cent less than in 1962 and 0.2 cent less than in 1947-49. (Marketing Spreads for White Bread, p. 24 .)

Consumption of frozen orange juice concentrate per person increased substantially from 1953 to 1962, while per capita consumption of fresh oranges and canned orange juice declined. These changes were closely related to differences in price levels and movements.

The retail cost of the processed products was considerably lower than that of fresh oranges mainly because of lower farm-retail spreads for the processed products. Also, increases in retail price from 1953 to 1962 were smaller for frozen concentrate than for canned juice and much smaller than for fresh oranges. The smaller increase in retail prices of processed products resulted partly from increases in supplies and partly from slower growth in costs of marketing the processed products. From 1953 to 1962 the spread for frozen concentrate decreased 4 percent while the spread for canned juice increased 22 percent, and that for fresh oranges, 33 percent.

The retail price of frozen concentrate varied much less among cities than prices of canned juice and fresh oranges. Although intercity price variation of all 3 products increased from 1953 to 1962, increased sales of frozen concentrate had a strong damping effect on the variation of average orange prices. (Some Economic Aspects of Orange Processing, p. 31.)

The Marketing and Transportation Situation is published in February, May, August, and November.

The next issue is scheduled for release on May 14, 1964.

Marketing Charges Rise 4 Percent in 1963

Charges for assembling, processing, and distributing farm-originated food products rose sharply early in 1963. Since February, however, variations have been relatively small (table 1). The farm-retail spread of the farm-food market basket increased $26 to an average annual rate of $684 in 1963. 1/ This was the largest increase in the annual average since 1958. The farm-retail spread has widened each year since 1950, but increases were comparatively small during 1953-56 and 1959-62. (See cover chart.) During the years 1953-62, the annual average increased at a compound rate of 2 percent, half the percentage increase from 1962 to 1963.

A few products--beef, canned orange juice, frozen orange concentrate, and bread--accounted for about three-fourths of the increase in the farm-retail spread from 1962 to 1963. But the farm-retail spread of each major product group, except dairy products and fats and oils, widened from 1962 to 1963 (table 2). Increases were moderate for all groups except meat products and fruits and vegetables.

Most of the rise in marketing charges in 1963 came in the first 2 months of the year. The market basket farm-retail spread was slightly lower in the fourth quarter of 1963 than in the preceding quarter and was less than 1 percent higher than in the first quarter. The fourth quarter average was 4 percent higher than in 1962 (table 20 p. 39).

Costs incurred by marketing firms continued to increase last year, although not as much as in many earlier years. Hourly earnings of food marketing employees averaged 3 percent higher than in 1962. Increased output of marketing services per man-hour, however, kept labor costs per unit of product from rising as much as hourly earnings. Transportation rates were about the same in 1963 as in 1962. Prices of goods and services used by food marketing firms (not including raw materials and labor) were at about the same general level last year as in 1962. Depreciation charges, State and local taxes in some areas, and some other costs increased.

After-tax profits of food manufacturing corporations in the first 9 months averaged 2.2 percent of sales in both 1963 and 1962, according to a joint report of the Federal Trade Commission and the Securities and Exchange Commission. The before-tax ratio was 4.4 percent in the first 9 months last year, the same as in the like period of 1962. Data are not available for all retail food store corporations. After-tax profits of a group of 16 leading retail food chains for which data are available averaged 1.2 percent of sales in the first 3 quarters last year, the same as in the like period of 1962.

1/ The "market basket" contains the average quantities of domestic farm-originated food products purchased per family in 1952 for consumption at home by urban wage-earner and clerical-worker families. Additional information concerning contents of the market basket and methods of estimating market-basket data is in Farm-Retail Spreads for Food Products, USDA Misc. Pub. 741, Nov. 1957. Since the market basket does not contain imported foods, fishery products, or the cost of meals in eating places, its retail cost is less than the cost of all foods bought per family. The farm value is the return to farmers for the fixed quantity of farm products equivalent to the foods in the market basket. The farm-retail spread is the difference between the retail cost and farm value. It is an estimate of the charges made by marketing firms for assembling, processing, transporting, and distributing the products in the market basket.

Table 1.--The farm food market basket: Retail cost, farm value, farm-retail spread, and farmer's share of retail cost, 1952-63 1/

Year and month	Retail cost 2/	Farm value 3/	Farm-retail spread	Farmer's share
	Dollars	Dollars	Dollars	Percent
1952	1,034	482	552	47
1953	1,003	445	558	44
1954	986	421	565	43
1955	969	395	574	41
1956	972	390	582	40
1957	1,007	401	606	40
1958	1,064	430	634	40
1959	1,040	398	642	38
1957-59 average	1,037	410	627	40
1960	1,053	407	646	39
1961	1,060	406	654	38
1962	1,068	409	659	38
1963 4/	1,078	394	684	37
1962				
January	1,056	411	645	39
February	1,066	416	650	39
March	1,064	413	651	39
April	1,067	407	660	38
May	1,063	398	665	37
June	1,067	398	669	37
July	1,068	400	668	37
August	1,068	412	656	39
September	1,085	423	662	39
October	1,075	411	664	38
November	1,069	412	657	38
December	1,062	406	656	38
1963				
January	1,078	408	670	38
February	1,084	398	686	37
March	1,079	392	687	36
April	1,071	391	680	36
May	1,069	385	684	36
June	1,075	391	684	36
July	1,088	403	685	37
August	1,090	397	693	36
September	1,082	390	692	36
October	1,075	392	683	37
November	1,074	395	679	37
December 4/	1,076	384	692	36

1/ The farmer's share and index numbers of the retail cost, farm value, and farm-retail spread for the years 1913-61 (1957-59=100) are published in the February 1962 Marketing and Transportation Situation (MTS-144) p. 50. 2/ Retail cost of average quantities purchased per family in 1952 by urban wage-earner and clerical worker families, calculated from retail prices collected by the Bur. Labor Statistics. 3/ Payment to farmers for equivalent quantities of farm produce minus imputed value of byproducts obtained in processing. 4/ Preliminary estimates.

Current data are given in the Statistical Summary, a monthly publication of the Statistical Reporting Service

Table 2.--The market basket of farm foods: Retail cost, farm value, farm-retail spread, 1963 and 1962

Item	12-month average 1963	12-month average 1962	Change 1963 from 1962: Actual	Change 1963 from 1962: Percentage
	Dollars	Dollars	Dollars	Percent
	Retail cost			
Market basket	1,078.31	1,067.51	10.80	1
Meat products	278.23	284.13	-5.90	-2
Dairy products	199.54	200.27	-.73	1/
Poultry and eggs	86.14	85.67	.47	1
Bakery and cereal products	172.74	170.47	2.27	1
All fruits and vegetables	252.98	238.70	14.28	6
Fats and oils	42.10	43.34	-1.24	-3
Miscellaneous products	46.58	44.93	1.65	4
	Farm value			
Market basket	393.88	409.02	-15.14	-4
Meat products	133.27	150.42	-17.15	-11
Dairy products	87.29	87.77	-.48	-1
Poultry and eggs	51.34	51.78	-.44	-1
Bakery and cereal products	30.61	30.98	-.37	-1
All fruits and vegetables	72.30	69.27	3.03	4
Fats and oils	11.32	11.38	-.06	-1
Miscellaneous products	7.75	7.42	.33	4
	Farm-retail spread			
Market basket	684.43	658.49	25.94	4
Meat products	144.96	133.71	11.25	8
Dairy products	112.25	112.50	-.25	1/
Poultry and eggs	34.80	33.89	.91	3
Bakery and cereal products	142.13	139.49	2.64	2
All fruits and vegetables	180.68	169.43	11.25	7
Fats and oils	30.78	31.96	-1.18	-4
Miscellaneous products	38.83	37.51	1.32	4
	Farmer's share of retail cost			
	Percent	Percent	Percentage point	
Market basket	37	38	-1	
Meat products	48	53	-5	
Dairy products	44	44	0	
Poultry and eggs	60	60	0	
Bakery and cereal products	18	18	0	
All fruits and vegetables	29	29	0	
Fats and oils	27	26	1	
Miscellaneous products	17	17	0	

1/ Less than 0.5 percent.

Farm Value Declines

The big rise in marketing charges last year accompanied a decrease in prices farmers received for the products in the farm-food market basket. This was unlike the situation in 1958 when marketing charges last increased sharply. The farm value of the market basket averaged $394 (annual rate) in 1963, down 4 percent from 1962. The 1963 average was 1 percent higher than the postwar low annual average ($390) in 1956.

All major product groups in the market basket except fruits and vegetables and the miscellaneous group had lower farm values in 1963 than in the preceding year. The meat products group, however, accounted for most of the reduction in the market basket farm value. Decreases for other product groups were small (table 2).

The farm value of the market basket dropped sharply in the first quarter last year. It remained fairly stable from March until December, then declined. The fourth quarter average was 5 percent lower in 1963 than in 1962 (table 19, p. 38).

Small Rise in Retail Cost

The retail cost of the market basket of farm foods rose to a record annual average of $1,078 last year, 1 percent higher than in 1962. The retail cost has risen each year since 1959, and was 4 percent higher in 1963 than in 1959. Increased marketing charges accounted for all of this rise, since the farm value of these foods was 1 percent lower last year than in 1959.

A 6-percent rise in the retail cost of the fruits and vegetables group accounted for most of the rise in the market-basket retail cost last year (table 2). The miscellaneous products group was up 4 percent, mainly because of a marked rise in the retail price of sugar. The bakery and cereal products group and poultry and eggs group showed small increases. The retail cost of the meat products group was down 2 percent, and the fats and oils group was down 3 percent.

Farmer's Share Averages 37 Cents

Farmers received an average of 37 cents of the dollar consumers spent for farm foods in retail stores in 1963, 1 cent less than in 1962 (table 1). This was the smallest annual average share received since 1934, when the farmer's share was 34 cents. In recent years, 1956-62, the farmer's share varied from 38 to 40 cents. 2/

Meat Products

The farm-retail spread of the meat products group increased sharply in the first quarter of 1963, when retail prices of beef and pork lagged behind rapidly decreasing prices of cattle and hogs. This lag in retail prices caused much of the increase in the total farm-retail spread of the market basket in the first quarter last year. Similar movements occurred again in the fourth quarter. (For a description of movements in retail prices, farm values and spreads of beef and pork, see the article beginning on p. 17).

Dairy Products

Retail prices, farm values, and marketing spreads of the products in the dairy products group changed little in 1963. The retail cost and farm value of fluid milk declined slightly for the second successive year. The spread did not change.

Bakery and Cereal Products

Marketing charges for these products continued to increase. The farm value

2/ This estimate of the farmer's share does not allow for Government payments to producers.

was down slightly, mainly because the market price of wheat declined. Retail prices of several products were up (tables 21 and 22, pp. 40-41). (An article beginning on p. 24 discusses movements in the retail price, farm value, and spread of white pan bread, the product accounting for much of the retail cost of this group.)

Fruits and Vegetables

Rising retail prices of fresh and processed citrus fruits caused most of the 6-percent increase in the retail cost of the fruits and vegetables group. Retail prices of frozen orange juice concentrate and canned orange juice surged upward in the first quarter, following the December (1962) freeze in Florida, and rose more slowly during the remainder of the year. Retail prices of frozen concentrated and canned orange juice averaged 45 percent and 25 percent higher in 1963 than in 1962, respectively (tables 21-22, pp. 40-41). The farm value of frozen concentrate, however, was only 1 percent higher and the farm value of canned juice was 24 percent lower in 1963 than in 1962. The farm value of these products in 1963 was based mainly on prices received by Florida growers for the 1962-63 crop. Early in the season grower prices were lower than a year earlier because of large carry-over stocks of processed orange products and an expected large volume of processing oranges from the new crop. After the freeze, grower prices lagged behind the rapidly rising retail prices, as large quantities of freeze-affected oranges were dumped on the market. Prices growers received rose sharply later in the season, but processors bought much of the crop when prices were lower than a year earlier. This was particularly true of oranges used for canned juice. As a result of rapidly rising retail prices and lagging grower prices, the farm-retail spreads of frozen concentrate and canned orange juice were 75 percent and 46 percent wider, respectively, in 1963 than in 1962 (tables 21 and 22, pp. 40-41). Annual average spreads for both products were considerably larger for 1963 than for 1958, which followed the previous big freeze in Florida before the December 1962 freeze. Marketing spreads narrowed after 1958, but not as much as they widened during that year.

Retail prices of fresh oranges also rose rapidly following the December freeze in Florida and a January freeze in California, but prices growers received rose more rapidly. As a result, the farm-retail spread decreased in the first quarter. During the summer, prices, declined at both grower and retailer levels, but the spread increased slightly. The retail price average 14 percent higher in 1963 than in 1962, the farm value was up 40 percent, and the spread was 3 percent wider than in 1962.

Fresh grapefruit and lemons also showed big increases in retail prices, farm values, and farm-retail spreads last year.

Sugar

The retail price of sugar rose from 60 cents per 5 pounds in April 1963 to 84 cents in June. It then declined to about 66 cents in October, and increased in November and December. The average for the year was 67.9 cents, 9.4 cents (16 percent) higher than for 1962. The farm value averaged 23.1 cents in 1963, up 1.8 cents (8 percent) from 1962. The farm-retail spread was 20 percent wider last year than in 1962. The farm value for 1963 was based on prices farmers received for sugar beets, mainly from the 1962 crop and partly from the 1963 crop. The farm value of 23.1 cents did not include Government payments amounting to 4.1 cents. The farm-retail spread includes the Government excise tax of 2.7 cents per 5 pounds of refined sugar.

MARKETING SPREADS FOR EGGS, FRYING CHICKENS, AND TURKEYS IN SELECTED CITIES OF THE UNITED STATES 1/

Large Eggs

Farm-retail spreads.--Farm-retail price spreads on large eggs of Grade A or better quality in 11 major cities averaged 23.4 cents a dozen in 1963--down 0.4 cent from 1962 (table 3). A lower farm-retailer spread, especially in New York, accounted for this decrease. Eleven-city averages of prices increased at all market levels from 1962 to 1963, and the biggest increase was at the farm level.

Gross spreads on large eggs increased in 4 of the 11 cities, were unchanged in 1, and decreased in 6 cities from 1962 to 1963. The biggest increase was in Seattle--1.1 cents a dozen. New York had the biggest decrease--2.1 cents. New York had the widest farm-retail spread in 1963 and Los Angeles had the narrowest. (See footnote 3, table 3).

Retail store spreads.--Retail store spreads on large eggs in the 11 cities averaged the same in 1963 as in 1962. They narrowed in 7 of the 11 cities, and widened in 4. The biggest increase--0.9 cent a dozen--occurred in Cleveland, while Chicago had the biggest decrease--0.8 cent.

Farm-retailer spreads.--The 11-city average farm-retailer spread narrowed 0.4 cent a dozen in 1963 from a year ago. This spread is the difference between prices paid by retailers and prices received by farmers. These spreads widened in 4 cities, were the same in 1, and narrowed in 6 cities. The biggest decrease was in New York--2.6 cents; Washington, D. C. had the biggest increase--1.1 cents. After a continuous 6-year decline, farm-retailer spreads in Atlanta widened 0.1 cent in 1963 from a year earlier.

Prices.--The 11-city average price at all market levels for large eggs of Grade A or better quality was higher in 1963 than a year earlier. Egg prices in Boston were generally among the highest for the 11 cities at all market levels. Los Angeles had the lowest retail buying and selling prices among the 11 cities in 1963.

Higher egg prices in 1963 resulted from the relatively smaller increase in available supplies than the increase in population. Farm production of eggs increased 0.2 percent from 1962 to 1963. The U. S. population increased nearly 1.5 percent. Civilian per capita consumption in the 48 contiguous States was estimated at 316 eggs in 1963--8 less than in 1962 and the lowest recorded since 1941. 2/

Farmer's share.--The farmer's share of the retail prices for large eggs in the 11 cities averaged 1.2 percentage points higher in 1963 than in 1962.

Medium Eggs

Eleven-city averages of prices, price spreads, and farm shares for medium eggs of Grade A or better quality generally moved in the same direction as those for large eggs from 1962 to 1963.

Frying Chickens

Farm-retail spreads.--Farm-retail spread on ready-to-cook, Grade A frying chickens in 11 major cities averaged 20.4 cents a pound in 1963--0.5 cent above 1962 (table 4). This was the widest annual gross spread reported since 1958. The 1963 increase was due to wider retail store spreads.

1/ Prepared by Leo R. Gray, agricultural economist, Marketing Economics Division, Economic Research Service, USDA.

2/ The Poultry and Egg Situation, PES-228, ERS, USDA, Nov. 1963.

Table 3.--Eggs, Grade A or better quality, large and medium size: Price per dozen and price spreads at various market levels, and farmer's share of the retail price, 11-city average 1962 and 1963, and selected cities 1963

Size of egg, year, and city	Price spreads: Farm-retail	Price spreads: Retail store	Farm-retailer spread: Total	Farm-retailer spread: Receiver-retailer	Farm-retailer spread: Farmer-receiver	Prices: Retail	Prices: To retailer	Prices: To city receiver	Prices: Farm 1/	Farm share
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Percent
Large eggs:										
11-city average										
1963	23.4	9.9	13.5	2/	2/	56.0	46.1	2/	32.6	58.2
1962	23.8	9.9	13.9	2/	2/	55.3	45.4	2/	31.5	57.0
Individual cities, 1963										
Boston	25.6	14.2	11.4	2/	2/	61.5	47.3	2/	35.9	58.4
New York	28.5	15.5	13.0	7.7	5.3	60.9	45.4	37.7	32.4	53.2
Baltimore	27.5	9.0	18.5	12.0	6.5	58.7	49.7	37.7	31.2	53.2
Washington, D. C.	26.3	10.2	16.1	9.5	6.6	59.3	49.1	39.6	33.0	55.6
Atlanta	20.5	9.5	11.0	2/	2/	53.6	44.1	2/	33.1	61.8
Cleveland	26.6	9.8	16.8	8.4	8.4	57.0	47.2	38.8	30.4	53.3
Chicago	25.2	6.2	19.0	12.6	6.4	53.2	47.0	34.4	28.0	52.6
St. Louis	20.4	9.6	10.8	8.8	2.0	53.5	43.9	35.1	33.1	61.9
Los Angeles 3/	14.9	9.0	5.9	4.4	1.5	50.7	41.7	37.3	3/35.8	70.6
San Francisco	21.7	8.6	13.1	5.7	7.4	52.6	44.0	38.3	30.9	58.7
Seattle	21.0	7.1	13.9	2/	2/	55.3	48.2	2/	34.3	62.0
Medium eggs:										
11-city average										
1963	4/22.4	4/8.7	13.7	2/	2/	4/48.7	40.0	2/	26.3	4/54.0
1962	22.7	4/8.9	13.8	2/	2/	4/47.9	39.0	2/	25.2	4/52.6
Individual cities, 1963										
Boston	23.9	12.9	11.0	2/	2/	53.7	40.8	2/	29.8	55.5
New York	24.6	12.0	12.6	7.5	5.1	50.1	38.1	30.6	25.5	50.9
Baltimore	26.0	8.0	18.0	11.5	6.5	50.4	42.4	30.9	24.4	48.4
Washington, D. C.	26.1	10.1	16.0	9.1	6.9	51.9	41.8	32.7	25.8	49.7
Atlanta	20.0	9.3	10.7	2/	2/	47.5	38.2	2/	27.5	57.9
Cleveland	24.7	7.9	16.8	8.6	8.2	48.8	40.9	32.3	24.1	49.4
Chicago	4/23.6	4/4.5	19.1	10.6	8.5	4/45.6	41.1	30.5	22.0	4/48.2
St. Louis	19.1	7.7	11.4	9.4	2.0	47.3	39.6	30.2	28.2	59.6
Los Angeles 3/	15.9	8.4	7.5	4.5	3.0	45.1	36.7	32.2	3/29.2	64.7
San Francisco	20.1	7.2	12.9	6.0	6.9	46.1	38.9	32.9	26.0	56.4
Seattle	21.8	7.7	14.1	2/	2/	48.8	41.1	2/	27.0	55.3

1/ Farm prices are weighted averages computed from prices reported in major commercial egg-producing areas supplying the designated cities.
2/ Insufficient data.
3/ Farm prices were derived from prices to retailers for eggs at the top of Grade AA, f.o.b. distributor's plant, Los Angeles, as reported by the Federal-State Market News Service. Before 1960, farm prices for the Los Angeles area were derived from Grade A egg prices.
4/ Estimated annual price based on data for less than 12 months.

Retail prices were compiled from data collected by the Bureau of Labor Statistics. Prices at other market levels were compiled, generally, from data collected by Federal and State market news services.

Table 4.--Frying chickens: Prices per pound (ready-to-cook basis) and price spreads at various market levels, and farmer's share of the retail price, 11-city average 1962 and 1963, and selected cities, 1963

Year and city	Price spreads					Prices				Farm share
	Farm-retail	Retail store	Farm-retailer spread			Retail	To retailer	To city receiver	Farm value 1/	
			Total	Receiver-retailer	Farm-receiver					
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Percent
11-city average										
1963	20.4	11.4	9.0	---	---	40.8	29.4	---	20.4	50.0
1962	19.9	10.8	9.1	---	---	41.4	30.6	---	21.5	51.9
Individual cities, 1963										
Boston	21.1	14.7	6.4	1.3	5.1	43.1	28.4	27.1	22.0	51.0
New York	21.2	13.0	8.2	2.6	5.6	41.5	28.5	25.9	20.3	48.9
Baltimore	16.5	8.7	7.8	2.5	5.3	38.1	29.4	26.9	21.6	56.7
Washington, D.C.	17.5	8.8	8.7	2.5	6.2	37.5	28.7	26.2	20.0	53.3
Atlanta	17.0	9.0	8.0	---	---	36.1	27.1	---	19.1	52.9
Cleveland	17.0	9.1	7.9	1.8	6.1	36.7	27.6	25.8	19.7	53.7
Chicago	19.0	9.8	9.2	2.7	6.5	38.1	28.3	25.6	19.1	50.1
St. Louis	18.5	10.2	8.3	2.1	6.2	37.6	27.4	25.3	19.1	50.8
Los Angeles ...	23.3	12.5	10.8	4.2	6.6	43.5	31.0	26.8	20.2	46.4
San Francisco	25.8	13.0	12.8	6.2	6.6	46.6	33.6	27.4	20.8	44.6
Seattle	26.6	16.2	10.4	---	---	49.6	33.4	---	23.0	46.4

1/ Farm value is the return received by farmers for the quantity of live frying chicken or broiler equivalent to 1 pound of ready-to-cook frying chicken. These values were weighted averages computed from prices reported in major commercial broiler producing areas supplying the designated cities.

Retail prices were compiled from data collected by the Bureau of Labor Statistics. Prices at other market levels were compiled, generally, from data collected by Federal and State market news services.

The biggest change in farm-retail spreads among the 11 cities was an increase of 1.5 cents a pound in St. Louis, which was due to an increase in the retail store spread. Seattle had the widest farm-retail spread and Baltimore the narrowest in 1963.

Retail store spreads.--Retail store spreads for frying chickens in 11 cities averaged 11.4 cents a pound in 1963--up 0.6 cent from a year earlier. They widened in 7 of the 11 cities, were the same in 1, and narrowed in 3 from 1962 to 1963. The biggest increase was in St. Louis--2.1 cents a pound. Retail store spreads accounted for nearly 56 percent of the gross farm-retail spread for the 11 cities in 1963.

Annual retail store spreads were widest in Seattle and narrowest in Baltimore in 1963.

Farm-retailer spreads.--Farm-retailer spreads for the 11 cities averaged 9.0 cents a pound in 1963--down 0.1 cent from 1962. This spread widened in 6 cities and narrowed in 5. The biggest increase occurred in New York--0.8 cent a pound; Atlanta had the biggest decrease--1.5 cents. Boston had the narrowest farm-retailer spread among the 11 cities in 1963; San Francisco had the widest.

Prices.--Prices for frying chickens at all market levels in the 11 cities in 1963 were around 1.0 cent below 1962 levels. The highest prices among the 11 cities generally were in Seattle; prices in Atlanta were among the lowest.

Lower prices for frying chickens in 1963 resulted from the large increase in supplies available for the domestic market from year ago levels. Increased supplies were the net result of increased production, coupled with reductions in exports and in USDA purchases for the School Lunch Program in 1963. Farm production of frying chickens reached a record high of about 7,200 million pounds (liveweight) in 1963--4 percent higher than in 1962. This increase exceeded the nearly 1.5 percent increase in population. Exports of broilers during January-August totaled nearly 69.1 million pounds in 1963--about 48 percent less than in 1962. This decline was due to increased tariff barriers imposed by member countries of the European Common Market. However, broiler exports to countries outside the Common Market amounted to 44.9 million pounds for the first 8 months of 1963--nearly 18 percent above the same period of 1962. USDA purchases of young chickens for the National School Lunch Program through October totaled about 29.5 million pounds in 1963 compared with about 34.9 million pounds in 1962--a decline of 15 percent. Civilian per capita consumption of frying chickens was estimated at 26.3 pounds in 1963--0.7 pound over the previous record high in 1962. 3/

Farmer's share.--The farmer's average share of the retail price for frying chickens in the 11 cities declined by nearly 2 percentage points from 1962 to 1963.

Turkeys

Farm-retail spreads.--Farm-retail price spreads for ready-to-cook medium-size turkeys in 5 major U. S. cities averaged 18.3 cents a pound in October-December 1963 (table 5). 4/ These spreads averaged 0.6 cent wider than in 1962 due to wider retail store spreads. St. Louis had the biggest increase in farm-retail spreads among the 5 cities--2.2 cents a pound, but in Boston and Los Angeles these spreads narrowed.

Retail store spreads.--Five-city average retail store percentage markups on medium-size turkeys during October-December 1959 through 1962 ranged from 13.1 to 29.3 percent and averaged 20.2 percent. In 1963 their markups averaged 21.2 percent. A decrease of 1.1 cents a pound in retail store spreads in St.

3/ See publication cited in footnote 2.
4/ The 5 cities included Boston, New York, Chicago, St. Louis, and Los Angeles.

Table 5.--Turkeys, medium and large, Grade A or best quality: Price spreads and prices per pound, ready-to-cook basis, at various market levels, and farmer's share of the retail price, October - December averages for 5 cities in 1960-63, and for selected cities in 1963

Size of turkey year and city 1/	Price spreads: Farm-retail	Price spreads: Retail store	Price spreads: Farm-retailer spread: Total	Price spreads: Farm-retailer spread: Receiver-retailer	Price spreads: Farm-retailer spread: Farm-receiver	Prices: Retail	Prices: To retailers	Prices: To city receivers	Prices: Farm value 2/	Prices: Farm share
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Percent
Medium turkeys:										
5-city average 3/										
1963	18.3	8.4	9.9	4/2.6	4/7.3	48.0	39.6	4/37.0	29.7	61.9
1962	17.7	7.7	10.0	2.7	7.3	47.3	39.6	36.9	29.6	62.6
1961	22.4	10.1	12.3	2.6	9.7	44.5	34.4	31.8	22.1	49.7
1960	4/17.8	4/8.5	9.3	2.6	6.7	4/54.0	45.5	42.9	36.2	4/67.0
Individual cities, 1963										
Boston	16.4	7.8	8.6	4/2.3	4/6.3	46.0	38.2	4/35.9	29.6	64.3
New York	19.9	7.8	12.1	2.5	9.6	49.6	41.8	39.3	29.7	59.9
Chicago	16.6	6.1	10.5	2.7	7.8	46.2	40.1	37.4	29.6	64.1
St. Louis	18.3	8.8	9.5	2.9	6.6	48.0	39.2	36.3	29.7	61.9
Los Angeles	20.2	11.3	8.9	2.7	6.2	50.1	38.8	36.1	29.9	59.7
Baltimore	20.1	8.8	11.3	2.9	8.4	49.8	41.0	38.1	29.7	59.6
Washington, D.C.	20.6	9.7	10.9	3.6	7.3	50.4	40.7	37.1	29.8	59.1
Atlanta	19.6	8.5	11.1	2.6	8.5	49.4	40.9	38.3	29.8	60.3
Cleveland	21.0	10.1	10.9	3.2	7.7	50.6	40.5	37.3	29.6	58.5
San Francisco	23.8	13.2	10.6	2.8	7.8	53.7	40.5	37.7	29.9	55.7
Seattle	18.8	7.4	11.4	5/	5/	48.7	41.3	5/	29.9	61.4
Large turkeys:										
5-city average 3/										
1963	18.0	7.1	10.9	2.5	8.4	44.5	37.4	34.9	26.5	59.6
1962	4/18.3	4/6.7	11.6	2.8	8.8	4/43.8	37.1	34.3	25.5	4/58.2
1961	22.2	8.1	14.1	2.3	11.8	41.3	33.2	30.9	19.1	46.2
1960	4/21.1	4/9.4	11.7	2.7	9.0	4/51.5	42.1	39.4	30.4	4/59.0
Individual cities, 1963										
Boston	19.2	7.2	12.0	1.9	10.1	45.6	38.4	36.5	26.4	57.9
New York	21.3	9.3	12.0	2.1	9.9	47.8	38.5	36.4	26.5	55.4
Chicago	15.2	5.3	9.9	2.1	7.8	41.7	36.4	34.3	26.5	63.5
St. Louis	17.8	7.5	10.3	3.4	6.9	44.3	36.8	33.4	26.5	59.8
Los Angeles	16.2	6.3	9.9	2.8	7.1	43.0	36.7	33.9	26.8	62.3
Baltimore	4/17.5	4/4.7	12.8	3.3	9.5	4/44.0	39.3	36.0	26.5	4/60.2
Washington, D.C.	19.7	7.8	11.9	3.2	8.7	46.4	38.6	35.4	26.7	57.5
Atlanta	4/17.2	4/5.0	12.2	3.4	8.8	4/43.8	38.8	35.4	26.6	4/60.7
Cleveland	4/21.7	4/10.9	10.8	2.0	8.8	48.1	37.2	35.2	26.4	54.9
San Francisco	4/23.9	4/12.2	11.7	1.6	10.1	4/50.7	38.5	36.9	26.8	4/52.9
Seattle	19.4	6.9	12.5	5/	5/	46.2	39.3	5/	26.8	58.0

1/ Turkey size weight ranges are: Medium--8 to 16 pounds; large--more than 16 pounds.
2/ Farm value is payment received by producers for the quantity of live turkey equivalent to 1 pound of ready-to-cook turkey. These values are weighted averages computed from prices reported in major commercial turkey-producing areas supplying the designated cities.
3/ 5-city average includes: Boston, New York, Chicago, St. Louis, and Los Angeles.
4/ Estimated from data for less than 3 months.
5/ Insufficient data.

Retail prices are compiled from data collected by the Bureau of Labor Statistics. Prices at the other market levels are compiled, generally, from data collected by Federal and State market news services.

Louis was the biggest change among the 5 cities from 1962 to 1963. (In Washington, D. C. and Seattle, however, retail store spreads narrowed 2.5 cents from 1962 to 1963, but the 5-city average does not include these 2 cities).

Farm-retailer spreads.--Farm-retail spreads in the 5 cities averaged about the same in both 1962 and 1963.

Prices.--Generally, 5-city average prices for medium turkeys at all market levels during October-December were nearly the same in 1963 as in 1962. This contrasts sharply with the sizable fluctuations in previous year-to-year price changes--especially since 1958.

Some factors contributing to the slight rise in medium-turkey prices from 1962 to 1963 were:

(1) Number of heavy-breed turkeys raised declined by 100,000.

(2) USDA purchases increased 660,000 pounds.

(3) First-of-the-month storage stocks of turkeys in 1963 were about 20 percent below 1962 levels from January through September, but nearly 8 percent above 1962 levels during October-December. The annual average for 1963 was nearly 11 percent below 1962.

Some offsetting factors tending to hold down prices in 1963 include:

(1) Increase of about 5.0 percent in commercial slaughter of young turkeys in 1963 over 1962, while population increased about 1.5 percent.

(2) Exports in 1963 were 5.5 million pounds less than in 1962. Reduced exports to European Common Market countries accounted for nearly three-fourths of the reduction in total exports.

(3) Civilian per capita disappearance, however, declined for the second straight year, and was about 6.8 pounds in 1963--0.3 pound less than in 1962.

Farmer's share.--The farmer's share of the retail price for medium turkeys in the 5 cities average nearly 1 percentage point lower in 1963 than in 1962.

Large Turkeys

Farm-retail spreads for large turkeys in the 5 cities averaged 18.0 cents a pound in 1963--a decline of 0.3 cent from 1962. This decline resulted from a narrowed farm-retailer spread, although retail store spreads widened. Prices at all levels, and the farmer's share of the retail dollar increased from 1962 to 1963.

MARKETING SPREADS FOR BEEF AND PORK 1/

Beef

Beef production increased sharply in 1963. Commercial production in the first 11 months of 1963 was 7 percent larger than during the same period in 1962. Production was larger than a year earlier in each quarter of 1963.

Beef prices declined at the live, wholesale, and retail levels, following these production increases. As usual, retail prices lagged behind prices farmers received for beef cattle. Thus, the farm-retail spread widened, as it usually does during periods of heavy supply. The same type of price lag that caused the spread to narrow significantly in 1962 as cattle prices rose caused it to widen to record size in 1963 as cattle prices fell. The annual average farm-retail spread for Choice grade beef widened to a record 35.7 cents per retail pound in 1963, an increase of 5.1 cents from 1962 (table 6). 2/ The spread in 1963 was 3.5 cents higher than the previous record annual average of 32.2 cents in 1961.

The farm-retail spread increased sharply in the first quarter last year, but declined slightly in the second and third quarters. It increased again in the fourth quarter when retail prices remained stable though the farm value declined.

Both the farm-wholesale and wholesale-retail segments of the farm-retail spread increased in 1963. 3/ The farm-wholesale spread increased 1.4 cents to 10.8 cents, a record. A record was also established as the wholesale-retail spread increased from 21.2 cents to 24.9 cents.

The average price at retail, the wholesale value, and the farm value each decreased in 1963 from 1962 levels. The retail price decreased to an annual average of 81.0 cents per pound from 82.4 cents, while the net farm value fell 6.5 cents to 45.3 cents, its lowest level since 1957. The wholesale value decreased 5.1 cents to 56.1 cents.

The farmer's share of the consumer's dollar spent for beef declined to 56 cents in 1963 from 63 cents in 1962. This was the smallest share farmers received since 1935. This decrease resulted partly from a greater farm-retail spread and partly from a decline in prices farmers received for beef cattle.

Pork

The farm-retail spread for pork (retail cuts) increased about 2 percent from 1962 to 1963 (table 6). The annual average spread of 28.7 cents per retail pound in 1963 was the second largest ever recorded. (The record was 29.8 cents in 1959.)

Most of the increase of a 0.6 cent in the farm-retail spread for pork was in the wholesale-retail component, which increased to 17.2 cents in 1963. The farm-wholesale component was 11.5 cents, about the same as in 1962.

The retail price, wholesale value, and net farm value of pork each averaged lower in 1963 than in 1962. This downward movement corresponds with a similar

---

1/ Prepared by Duane Hacklander, agricultural economist, Marketing Economics Division, Economic Research Service, USDA.

2/ The farm-retail spread, sometimes called the marketing margin, is the difference between the price per pound the consumer pays for beef or pork at retail and the net farm value or payment the farmer receives for an equivalent quantity of live animal, less a byproduct allowance. It is a gross return to marketing agencies for transporting, processing, and distributing services required to move live animals from the farm and to convert them to meat in the retail store.

3/ The wholesale-retail spread is the difference between the retail price per pound and wholesale value of the equivalent wholesale quantity. See footnotes 2 and 3 of table 6 for definitions of equivalent wholesale quantity and farm value, respectively.

Table 6.--Beef and pork: Retail price, wholesale value, farm value, farm-retail spread, and farmer's-share of retail price, annual 1954-63, by quarters 1962-63

Year and quarter	Retail price per pound 1/	Wholesale value 2/	Gross farm value 3/	Byproduct allowance 4/	Net farm value 5/	Farm-retail spread			Farmer's share
						Total	Wholesale-retail	Farm-wholesale	
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Percent
	Beef, (Choice grade)								
1954	68.5	52.6	48.8	4.0	44.8	23.7	15.9	7.8	65
1955	67.5	51.4	46.7	3.7	43.0	24.5	16.1	8.4	64
1956	66.0	49.5	44.4	3.7	40.7	25.3	16.5	8.8	62
1957	70.6	52.8	47.6	4.0	43.6	27.0	17.8	9.2	62
1958	81.0	61.1	57.1	4.7	52.4	28.6	19.9	8.7	65
1959	82.8	62.4	58.3	5.3	53.0	29.8	20.4	9.4	64
1960	81.0	60.1	54.1	4.4	49.7	31.3	20.9	10.4	61
1961	79.2	56.6	51.6	4.6	47.0	32.2	22.6	9.6	59
1962	82.4	61.2	56.6	4.8	51.8	30.6	21.2	9.4	63
1963 6/........	81.0	56.1	49.4	4.1	45.3	35.7	24.9	10.8	56
1962									
Jan.-Mar.	80.6	59.8	54.7	4.5	50.2	30.4	20.8	9.6	62
Apr.-June	80.5	59.4	53.9	4.8	49.1	31.4	21.1	10.3	61
July-Sept. ...	83.0	62.0	57.4	4.8	52.6	30.4	21.0	9.4	63
Oct.-Dec.	85.6	63.7	60.2	4.9	55.3	30.3	21.9	8.4	65
1963 6/									
Jan.-Mar.	84.5	58.2	51.7	4.1	47.6	36.9	26.3	10.6	56
Apr.-June	79.1	54.6	47.2	3.9	43.3	35.8	24.5	11.3	55
July-Sept. ...	80.4	57.4	50.8	4.1	46.7	33.7	23.0	10.7	58
Oct.-Dec.	80.0	54.2	47.7	4.0	43.7	36.3	25.8	10.5	55
	Pork, (retail cuts)								
1954	64.8	51.2	48.4	7.4	41.0	23.8	13.6	10.2	63
1955	54.8	41.0	33.9	4.7	29.2	25.6	13.8	11.8	53
1956	52.1	38.6	31.8	4.6	27.2	24.9	13.5	11.4	52
1957	60.2	45.2	38.9	5.7	33.2	27.0	15.0	12.0	55
1958	64.8	49.3	43.2	6.3	36.9	27.9	15.5	12.4	57
1959	57.1	39.8	31.3	4.0	27.3	29.8	17.3	12.5	48
1960	56.7	41.6	33.9	4.5	29.4	27.3	15.1	12.2	52
1961	59.2	42.4	36.5	5.0	31.5	27.7	16.8	10.9	53
1962	59.5	42.8	35.8	4.4	31.4	28.1	16.7	11.4	53
1963 6/........	57.5	40.3	32.9	4.1	28.8	28.7	17.2	11.5	50
1962									
Jan.-Mar.	57.9	41.8	35.3	4.7	30.6	27.3	16.1	11.2	53
Apr.-June	57.8	40.9	33.9	4.3	29.6	28.2	16.9	11.3	51
July-Sept. ...	62.2	45.6	38.8	4.7	34.1	28.1	16.6	11.5	55
Oct.-Dec.	60.0	42.7	35.3	4.2	31.1	28.9	17.3	11.6	52
1963 6/									
Jan.-Mar.	57.7	39.2	31.8	4.2	27.6	30.1	18.5	11.6	48
Apr.-June	55.5	39.0	32.2	3.9	28.3	27.2	16.5	10.7	51
July-Sept. ...	59.6	43.4	36.3	4.3	32.0	27.6	16.2	11.4	54
Oct.-Dec.	57.0	39.6	31.3	4.1	27.2	29.8	17.4	12.4	48

1/ Estimated weighted average price of retail cuts.
2/ Beef: Wholesale value of quantity of carcass equivalent to 1 lb. of retail cuts, equivalent quantity gradually increased from 1.28 lb. for 1954 to 1.35 lb. for 1960 and later years; pork: Wholesale value of 1 lb. of retail cuts.
3/ Payment to farmer for quantity of live animal equivalent to 1 lb. of retail cuts: Beef, equivalent quantity increased 0.01 lb. each year from 2.19 lb. for 1954 to 2.25 lb. for 1960 and later years; pork, 2.13 lb.
4/ Portion of gross farm value attributed to edible and inedible byproduct.
5/ Gross farm value minus byproduct allowance.
6/ Preliminary.

movement for beef. After 2 years of fairly stable prices, the annual average retail price of pork decreased to 57.5 cents in 1963 from 59.5 cents in 1962. The wholesale value of 40.3 cents and the net farm value of 28.8 cents in 1963 were each about 2.5 cents lower than the 1962 values.

Commercial pork production during the first 11 months of 1963 totaled 10.7 billion pounds, about 500 million pounds (5 percent) more than the first 11 months total of 1962.

The farmer's share of the consumer's dollar spent on pork in 1963 decreased to 50 cents from 53 cents a year earlier.

MEATPACKERS' COSTS FOR SLAUGHTERING HOGS AND DISTRIBUTING FRESH PORK 1/

How much of the price the consumer pays for pork is typically paid for meatpackers' services? How are costs of these services allocated among labor, packaging materials, buying and selling, and operating overhead? And how stable are the packers' margins on pork operations when volume of slaughter and prices of live hogs change seasonally?

A recent survey of meatpacker costs in commercial-scale fresh pork operations provides some information. Reporting packers were located in the eastern and western Corn Belt and adjoining Southern and Mid-Atlantic States. (Records from packers not slaughtering, or those slaughtering mostly extra heavy hogs and sows, were excluded for the analysis).

Costs to Packers

Costs to meatpackers for slaughtering, cutting, packaging, loading, shipping, and deliverying services comprised about 6 percent of the average retail price of pork (59 cents per pound) during the fall and winter of 1962-63, when costs were obtained. Of this retail price, the farmer got an average of about 50 percent.

In this survey, packers' costs of buying hogs averaged a little more than 0.1 cent per wholesale pound, and costs of selling pork cuts to wholesale and retail customers averaged nearly 0.3 cent (table 7).

On the average, reporting packers incurred costs of 2.7 cents per pound in slaughtering, cutting, packaging, and loading fresh pork cuts such as loins and green (uncured) cuts. For curred hams, slab bacon, and picnics, another 7 to 15 cents per pound was incurred for curing, smoking and packaging. An additional 0.2 cent per pound represented packers' costs for shipping pork cuts from packing plants to wholesale distribution centers. For local delivery direct to retailers, packers incurred an additional 0.25 cent per pound. These are costs meatpackers must cover before they make any gross profit. Packer branch houses handle an important fraction of the pork sold by packers; and on this volume, additional costs for handling, selling, and delivery must be added.

Meatpacker Cost by Function

How were packer's costs in pork operations allocated among labor, packaging, buying and selling, and operating overhead?

For fresh pork, labor amounted to approximately one-half of packers' total costs of slightly more than 3.6 cents per pound. Procurement and selling costs made up about one-tenth, or 0.4 cent, and packaging cost amounted to 0.26 cent per wholesale pound (table 8). For ham, bacon, and picnics, labor costs made up the largest portion of the total extra cost of curing and smoking, ranging from 1.5 to 4.25 cents per pound; packaging cost ranged from 0.2 cent to 2.0 cents, and overhead from 1.25 to 3.0 cents per pound.

Costs in the fresh pork operation were distributed similarly among functions during both fall and winter quarters 1962-63, and were not greatly different from averages reported for the fall marketing year September 1959-August 1960. 2/

For firms reporting labor cost, by task, 0.63 cent per pound of retail pork represented costs for killing hogs, 0.51 cent for cutting pork carcasses into primal cuts, 0.07 cent for additional cutting and special trim, and 0.22 cent for labor in

1/ Prepared by Donald B. Agnew, agricutlural economist, Marketing Economics Division, Economic Research Service.

2/ "Meatpacker Costs for Slaughtering, Cutting and Marketing Fresh Pork," by Donald B. Agnew, ERS No. 23, reprint from The Marketing and Transportation Situation July 1961, ERS--USDA, pp. 39-42.

Table 7.--Fresh pork: Packers' cost per wholesale pound, by function, fall and winter 1962-63

Function	Oct.-Dec. 1962	Jan.-Mar. 1963
	Cents	Cents
Buying hogs	0.14	0.14
Dressing and packaging	2.72	2.70
Shipping dressed pork	0.25	0.20
Selling	0.29	0.30
Packers' costs for fresh pork	3.40	3.34
Distribution to retailers	0.25	0.27
Packers' total costs	3.65	3.61

Table 8.--Fresh pork: Packers' operating cost per wholesale pound, fall and winter 1962-63

Item	Oct.-Dec. 1962	Jan.-Mar. 1963
	Cents	Cents
Killing and cutting-room labor	1.21	1.21
Packaging	0.26	0.26
Order filling and carloading	0.22	0.22
Procurement and selling	0.43	0.44
Fixed plant and administrative	1.03	1.01
Total operating costs	3.15	3.14
Transportation to distribution centers	0.25	0.20
Local delivery	0.25	0.27
Total shipping and delivery	0.50	0.47
Packers' total costs on fresh pork	3.65	3.61

order assembly, shipping room, and carloading dock (table 9). Not all packers reported these detailed costs.

Fall-to-Winter Quarter Changes in Volume and Cost

From October-December 1962 to January-March 1963, packers reported remarkably stable costs for production labor, packaging, order filling and carloading, procurement, and selling. Fixed plant and administrative expenses dropped 2 percent, from 1.03 to 1.01 cents per wholesale pound (table 8).

These cost changes accompanied a 14 percent increase in volume for the reporting firms. The change in volume was accompanied by no change in direct variable in-plant cost, no significant change in buying and selling costs, and a 6 percent decrease in shipping and delivery costs. There was no change in either killing-room cost or cutting-room cost. In both work areas, jobs are well defined and standardized, and in most plants management varies the length of the workday or week to keep direct labor costs uniform when output changes.

Differences in fresh pork costs showed some relation to size of operation. In general, the largest one-third of the reporting plants showed higher than average costs per pound for brokerage fees and packaging, lower than average costs for plant and administrative costs and buying and selling.

Packers' Costs and Spreads

Several important changes occurred in the cost and returns picture for packers when volume increased sharply and prices fell during the fourth quarter of 1962 and the first quarter of 1963. Wholesale prices, live prices, and by-product values dropped sharply. Packers' costs decreased slightly. Their spread widened as the costs of purchased pork carcasses and cuts decreased. These costs declined nearly one-third and accounted for all of the increase in packers' spread.

The cost to packers of purchased live hogs and pork carcasses and cuts declined 2.96 cents per pound of pork sold from the last quarter of 1962 to the first quarter of 1963, while packers' returns declined 2.77 cents per pound of sales (table 10). Thus, their spread widened 0.19 cent per pound of sales. This spread increased despite the fact that packer's returns per pound of pork sold declined more than the cost of the equivalent quantity of live

Table 9.--Labor costs of dressing fresh pork by operation, at reporting meatpackers' plants, per pound of wholesale cuts, fall and winter, 1962-63

Operation	Oct.-Dec. 1962	Jan.-Mar. 1963
	Cents	Cents
Killing room	0.63	0.63
Primal cuts	.51	.52
Additional trim	.07	.06
All cutting costs	.58	.58
Orderfilling, dock, and carloading labor	.22	.22
Total labor	1.43	1.43

Table 10.--Fresh pork: Packers' costs and spreads, fall and winter, 1962-63

Item	Oct.-Dec. 1962	Jan.-Mar. 1963
	Cents	Cents
Returns to packers per wholesale pound sold	30.14	27.37
Cost of live hog and pork purchased per wholesale pound sold	26.54	23.58
Packers' spread	3.60	3.79

hog. The cost to packers of buying enough live hog to yield 1 pound of wholesale pork decreased 2.49 cents. Thus, if the packers in this survey had purchased no pork carcasses or cuts in their operations, their spread would have decreased 0.28 cent per pound of pork sold.

Packers' costs other than for materials remained remarkably stable through both quarters even though volume handled increased by about 14 percent for reporting firms. There were wide variations among similar individual plants, however, which emphasizes the need for further study.

MARKETING SPREADS FOR WHITE BREAD 1/

The consumption of bread per person has been declining for many years, but only a few foods have a greater retail value in the farm-food market basket.

In 1963 the average retail price of a 1-pound loaf of white bread was at an all-time high of 21.6 cents--0.4 cent higher than the 1962 price and 60 percent higher than the 1947-49 average (table 11). Consumers paid more for bread each year during 1947-63 than in the preceding year. The increase of 1.9 percent in 1963 was smaller than the average annual increase of 3.5 percent since 1947.

Farm-Retail Spread Increases

The difference between the retail price and farm value of all ingredients used in producing a 1-pound loaf of white bread (the marketing or farm-retail spread) increased to 18.5 cents in 1963 from 18.1 cents in 1962 (table 11). 2/ The farm-retail spread in 1963 was about four-fifths larger than the 1947-49 average. The farm-retail spread increased each year throughout the 1947-63 period. Increases in the last 3 years were smaller than those in most earlier years; 1963 showed the third smallest increase--2.2 percent. Although all segments of the farm-retail spread increased during 1947-63, the baker-wholesaler's spread accounted for most of the increase in the total spread and in the retail price.

Small Increase in Baker-Wholesale Spread Since 1959

The slackened upward movement evidenced since 1959 in the baker-wholesale spread continued in 1963. The annual average spread increased 0.3 cent above the 1962 figure, to 11.8 cents for a 1-pound loaf. This was less than the average annual increase since 1947 of 0.4 cent.

The 0.3 cent increase in the baker-wholesale spread was accompanied by a rise of 0.2 cent in the wholesale price of white bread in 1963 and a 0.1 cent decline in cost of ingredients to the baker.

The wholesale price of a 1-pound loaf of white bread increased to 17.4 cents in 1963 from 11.1 cents in 1947-49. At the same time the cost of all ingredients to the baker increased to 5.6 cents from 5.1 cents. Thus, the baker-wholesale spread was 5.8 cents larger in 1963 than in 1947-49 (fig. 1). This spread accounted for 72 percent of the increase in the farm-retail spread. The baker-wholesale spread as a share of the retail price increased to 55 percent in 1963 from 44 percent in 1947-49.

Some Factors Influencing Baker-Wholesale Spread

Labor costs, including fringe benefits, represented about 51 percent of the baker-wholesaler's spread in 1961, according to the most recent cost analyses available. 3/ Packaging and wrapping material expenses accounted for about 12 percent; delivery expenses, other than wages and salaries, for 9 percent; advertising and items bought for resale, for about 8 percent; and other costs and profits, for the remaining 20 percent.

Labor costs have been a major factor influencing increases in the baker-wholesale spread. This cost increased to 6 cents per pound loaf in 1961 from 2.2 cents in 1945 and accounted for about

1/ Prepared by J. C. Eiland, agricultural economist, Marketing Economics Division, Economic Research Service, USDA.

2/ The farm value is the payment farmers receive for the farm products equivalent to a pound loaf of bread.

3/ Marketing Margins for White Bread, Misc. Pub. 712, U. S. Dept. Agri. revised Nov. 1962, table 3, p. 12.

Table 11.--White pan bread: Estimated retail and wholesale prices of a 1-pound loaf, retailers', baker-wholesaler's, miller's and other spreads, and estimated farm value of ingredients, average 1947-1949, annual 1950-1963, and quarterly 1962-1963. 1/

Year and quarter	Retail price 2/	Retail spread 3/	Wholesale price 4/	Baker-wholesaler spread 5/	Cost to baker: All ingredients 6/	Cost to baker: Flour 7/	Mill sales value of flour 8/	Miller's flour spread 9/	Cost of wheat to miller 10/	Other spreads 11/	Farm value: Wheat 12/	Farm value: All ingredients 13/
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
1947-49 average	13.5	2.4	11.1	6.0	5.1	3.5	3.4	0.6	2.8	1.2	2.7	3.3
1950	14.3	2.7	11.6	6.9	4.7	3.4	3.3	.6	2.7	1.1	2.5	3.0
1951	15.7	2.7	13.0	7.8	5.2	3.6	3.4	.6	2.8	1.3	2.6	3.3
1952	16.0	3.0	13.0	8.1	4.9	3.5	3.4	.6	2.8	1.1	2.6	3.2
1953	16.4	2.9	13.5	8.4	5.1	3.7	3.5	.6	2.9	1.4	2.5	3.1
1954	17.1	2.7	14.4	8.9	5.5	4.0	3.8	.6	3.2	1.6	2.7	3.3
1955	17.5	2.6	14.9	9.5	5.4	4.0	3.8	.6	3.2	1.6	2.7	3.2
1956	17.9	2.6	15.3	10.0	5.3	3.9	3.7	.7	3.0	1.4	2.6	3.2
1957	18.8	3.1	15.7	10.3	5.4	3.9	3.7	.8	2.9	1.4	2.6	3.2
1958	19.3	3.1	16.2	10.9	5.3	3.9	3.6	.8	2.8	1.6	2.3	2.9
1959	19.7	3.1	16.6	11.5	5.1	3.8	3.5	.8	2.7	1.5	2.3	2.8
1960	20.3	3.4	16.9	11.6	5.3	3.9	3.6	.9	2.7	1.6	2.3	2.8
1961	20.9	3.8	17.1	11.7	5.4	4.0	3.7	1.0	2.7	1.5	2.4	2.9
1962	21.2	4.0	17.2	11.5	5.7	4.3	4.0	1.0	3.0	1.6	2.6	3.1
1963 14/	21.6	4.2	17.4	11.8	5.6	4.1	3.9	1.0	2.9	1.5	2.5	3.1
1962:												
Jan.-Mar.	21.1	3.9	17.2	11.7	5.5	4.1	3.8	.9	2.9	1.6	2.5	3.0
Apr.-June	21.1	3.9	17.2	11.6	5.6	4.2	4.0	.9	3.1	1.5	2.7	3.2
July-Sept.	21.2	4.1	17.1	11.3	5.8	4.4	4.2	1.2	3.0	1.4	2.6	3.2
Oct.-Dec.	21.2	3.9	17.3	11.6	5.7	4.3	4.0	1.0	3.0	1.6	2.6	3.1
1963:												
Jan.-Mar.	21.6	4.2	17.4	11.8	5.6	4.2	3.9	.9	3.0	1.5	2.6	3.2
Apr.-June	21.6	4.2	17.4	11.7	5.7	4.2	3.9	1.0	2.9	1.5	2.6	3.2
July-Sept.	21.6	4.2	17.4	12.0	5.4	3.9	3.6	.9	2.7	1.7	2.3	2.8
Oct.-Dec.	21.6	4.2	17.4	11.7	5.7	4.1	3.9	1.0	2.9	1.6	2.5	3.1

1/ The retail price, farm value, and farm-retail spread for the years 1919-56 were published in Farm-Retail Spreads for Food Products, U.S. Dept. of Agr., Misc. Pub. 741, Nov. 1957, p. 117. Comparable data for the other series in this table are not available for the years before 1947. 2/ Average of retail prices in urban areas reported by Bureau of Labor Statistics, with adjustments for 1954 and 1955. 3/ Spread between retail and wholesale prices. 4/ Derived from wholesale prices published by the Bureau of Labor Statistics and trade data. 5/ Spread between wholesale price and cost to the baker of all ingredients. 6/ Cost of flour, shortening, nonfat dry milk, sugar, and other ingredients in a pound of bread, adjusted to level of cost to baker as reported in the Census of Manufactures. 7/ Weighted average wholesale value of 0.641 lb. of several types of bread flour in 3 markets, adjusted to the level of cost to baker as reported in the Census of Manufactures. 8/ Weighted average wholesale value of 0.641 lb. of several types of bread flour in 3 markets, adjusted to mill sales level as reported in the Census of Manufactures. 9/ Spread between sales value of flour and cost of wheat to miller. 10/ Weighted average wholesale value in 6 markets of major classes and grades of wheat used for milling bread flour, adjusted to level of cost to miller as reported in the Census of Manufactures and further adjusted to eliminate imputed value of millfeed products. 11/ Spread or charges for transporting, handling, and storing all ingredients and for processing ingredients other than flour. This spread is a residual figure. 12/ Returns to farmers for wheat less imputed value of millfeed by products, based on average local market prices received by farmers for all wheat; return for 0.882 lb. since July 1957, and 0.894 lb. before that date. 13/ Value at prices received by farmers, less byproduct allowances, for the quantity of wheat and other farm products yielding ingredients used in a pound loaf of white bread. 14/ Preliminary.

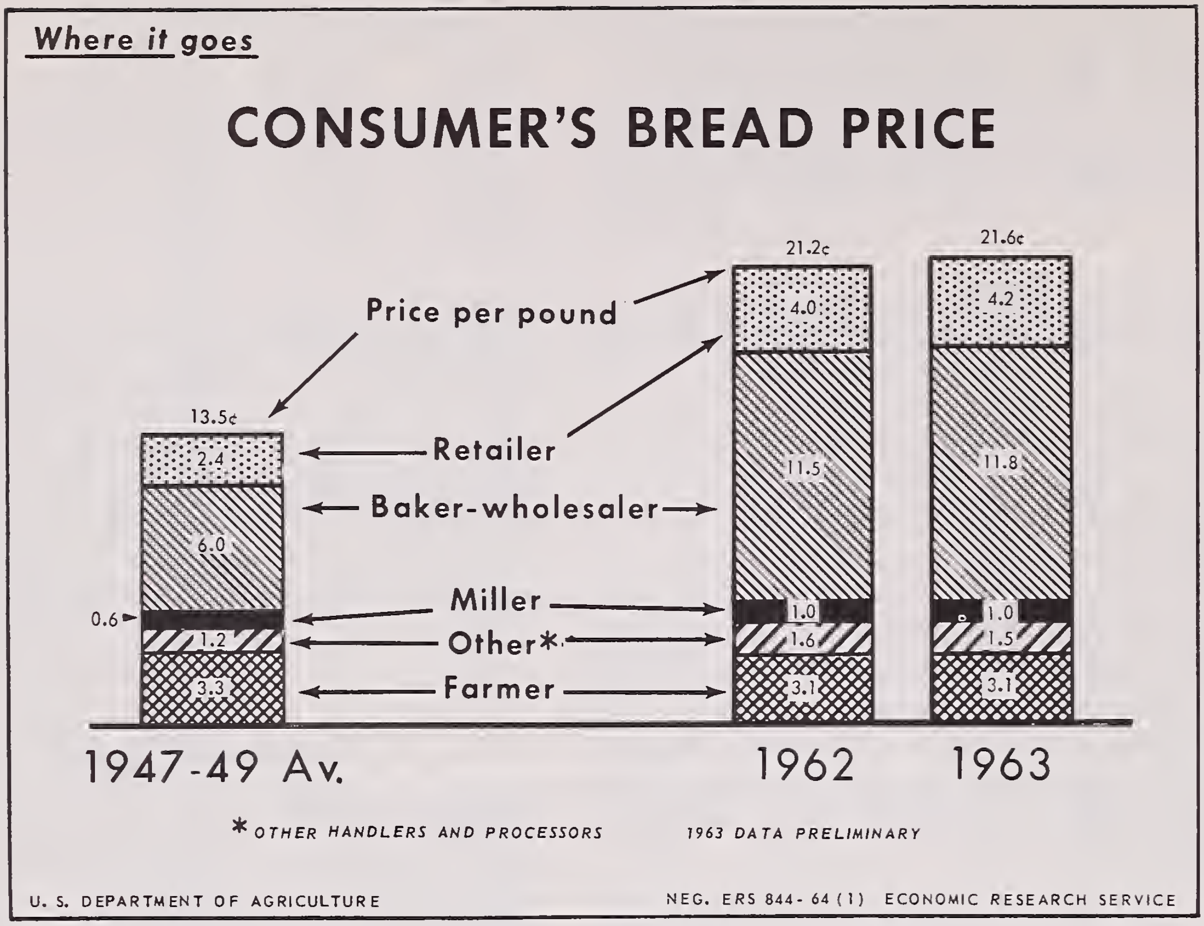


Figure 1

52 percent of the total increase in the baker-wholesale spread (table 12). It includes all personnel costs including officers' salaries. Relative to their 1945 levels, costs of all labor per 1-pound of bread have risen by about the same rate as all other costs in the aggregate (not including profits) but slightly more than the baker-wholesale spread and more than 3 times the rise in net profit per loaf of bread.

Although the baking industry has experienced stable demand for its products and dollar sales have increased per bakery, the increase in production and distribution costs has exceeded the rate of increase in sales. Much of the increase in sales, however, has resulted from increased product prices, so the physical volume of products has increased only moderately for the industry and per plant. (The number of bakeries declined about 12 percent from 1947 to 1958.) But total costs of operation have increased much faster than physical output, thus contributing to increased spreads for bakery products.

<u>Factors affecting increased labor costs.</u>--Hourly earnings of production and related workers in the bread and related products industry rose 70 percent from an estimated average of $1.35 in 1951 to $2.30 in 1962 (table 13). Other labor costs in the form of fringe benefits and social security taxes showed even greater proportionate increases.

Dollar sales of the industry, however, increased a little more than production labor costs. Consequently, the cost of production labor, as a percentage of total sales, decreased slightly between 1947 and 1962. (This cost does not include employers' contributions to social security,

Table 12.--Items in the baker-wholesale spread for a 1-pound loaf of white bread 1945 and 1961

Item	Amount per loaf		Change, 1961 from 1945	
	1945	1961	Actual	Percentage of total change
	Cents	Cents	Cents	Percent
Salaries, wages, and fringe benefits	2.2	6.0	3.8	52
Packaging and wrapping material	.5	1.4	.9	13
Delivery other than personnel costs	.4	1.0	.6	9
Advertising, promotion and products bought for resale	.2	.9	.7	9
Other costs	.9	2.1	1.2	16
Profits after taxes	.2	.3	.1	1
Baker-wholesale spread	4.4	11.7	7.3	100

Based on data for 18 multiple-unit and 18 single-unit wholesale bakeries presented in Costs and Margin Trends in the Baking Industry, Senate Committee on Agriculture and Forestry report, May 1, 1957; prices and marketing spreads for white bread, published regularly by USDA; and trends in profits of 6 leading bakery companies.

Table 13.--Hourly earnings of production workers in the bread and other bakery products industry, annual averages, 1951-62.

Year	Actual earnings including overtime 1/	Index (1951 = 100)
	Dollars	
1951	1.35	100
1952	1.44	107
1953	1.52	113
1954	1.60	119
1955	1.67	124
1956	1.76	130
1957	1.84	136
1958	1.93	143
1959	2.03	150
1960	2.13	158
1961	2.23	165
1962	2.30	170

1/ Beginning with 1958, data given are from BLS and are based on the standard industrial classification of 1957. Before 1958, data are based on the 1945 classification but are adjusted to make them comparable to the data for 1958 and later years.

pension plans, group insurance, and workmen compensation.)

The quantity of bread and other bakery products produced per man-hour of production labor increased about 16 percent from 1947-49 to 1962, according to an analysis of data from the Census of Manufactures. (In contrast, output per man-hour in all nonagricultural industries increased by an average of 47 percent.) 4/ Hourly earnings of production labor increased about 105 percent from 1947-49 to 1962. This indicates an increase of approximately 75 percent in cost of production labor per pound of product.

The output of "nonproduction workers" has decreased significantly since 1947. 5/ This, coupled with increased earning of these employees, has caused a larger increase in the cost of this labor per unit of product than for production labor. Much of this decline in productivity and increase in costs of nonproduction labor--which amounted to over 50 percent of all labor costs in 1958--resulted from the sales and distribution problem: (1) A decrease in the weekly volume of bakery products distributed per route, (2) a decline in dollar sales per route mile, and (3) the change to a 5-day from a 6-day work week, which added to the number of salesmen for a given number of routes. 6/

Sales and Profits of 6 Baking Companies

Profits (after taxes) of 6 major baking companies declined from an average of 4.1 percent of sales in 1947-49 to 1.1 percent in 1962 (table 14). Total sales of these 6 companies rose almost steadily from 1947-49 to 1962. The 1962 total more than doubled the 1947-49 average--a faster rate of growth than that for the entire industry.

Taxes took less than half the net income of these companies until 1951, when taxes then amounted to more than half. Since then, taxes have consistently taken the larger share.

Retail Spread Increases

The retail-store spread set an all-time high, in 1963, averaging 4.2 cents per 1-pound loaf of bread, 0.2 cent higher than in 1962. This was the fourth consecutive increase since 1959. It accounted for about half of the rise in the retail price in 1963 (table 11).

The retail spread climbed about 1.8 cents between 1947-49 and 1963 (table 11 and fig. 1). Fluctuations occurred in the annual retail spread mainly because retail price increases lagged behind wholesale price increases. Often, wholesale price advances were in fractions of a cent, but most retail prices were not quoted in fractions. Thus, the retailer generally had to increase his price a full cent or absorb the wholesale rise.

Increases in the retail spread from 1947-49 to 1963 accounted for 22 percent of the rise in the farm-retail spread. The retailer's share of the retail price fluctuated from 15 to 19 percent.

Flour Mill Spread

The flour mill spread in 1963 was 1.0 cent per 1-pound loaf of bread, the same as in 1961 and 1962, a high for the period 1947-63. It was 0.4 cent above the 1947-49 average and accounted for about 5 percent of the retail price, about the same proportion as in 1947-49.

Until the mid-1950's the cost of wheat to the miller and mill sales value of

4/ Economic Report of the President, January 1964, p. 245.

5/ Employees not classified as production and related workers, according to Census terminology, include those who do sales, administrative, and professional work and clerical work not directly related to the production line records.

6/ The industry has recognized the importance of the sales and distribution problem. The USDA is devoting a research project to appraising present methods of delivery operations.

Table 14.--Sales and profits of 6 baking companies, 1947-62 1/

Year ended December 31	Sales	Total net income		Net income as a percentage of sales	
		Before tax	After tax	Before tax	After tax
	Mil. dol.	Mil. dol.	Mil. dol.	Percent	Percent
1947-49 average	535.7	35.5	21.9	6.6	4.1
1947	513.8	30.5	18.6	5.9	3.6
1948	559.6	42.3	26.0	7.6	4.7
1949	533.6	33.6	21.0	6.3	3.9
1950	553.9	37.7	21.4	6.8	3.9
1951	610.9	35.9	17.1	5.9	2.8
1952	641.6	39.0	17.8	6.1	2.8
1953	685.8	40.3	18.7	5.9	2.7
1954	709.5	36.1	18.1	5.1	2.5
1955	764.8	43.7	21.5	5.7	2.8
1956	840.3	44.9	21.8	5.3	2.6
1957	904.0	47.9	23.4	5.3	2.6
1958	933.4	47.0	23.1	5.0	2.5
1959	1,011.8	47.8	23.4	4.7	2.3
1960	1,086.6	43.3	21.0	4.0	1.9
1961	1,087.9	29.2	13.9	2.7	1.3
1962	1,121.7	25.6	12.9	2.3	1.1

1/ To make data comparable throughout, 7 companies are included prior to 1953 when 2 of the companies merged.

Compiled from "Moody's Industrial Manual" and company annual reports.

flour varied closely together, resulting in a stable mill spread per loaf when rounded to one-tenth of a cent. Since then, the cost of wheat to the miller has declined and the value of flour has increased (table 11).

Factors affecting milling spread.--Production labor costs per unit of flour were about 25 percent higher in 1960 than the 1947-49 average. Other labor costs increased more than production labor costs.

Total labor costs in 1958 were about 7 percent of the value of shipments according to Census data. This was nearly 0.3 cent per 1-pound loaf of bread equivalent and about one-third the flour mill spread. Thus, a rise of 25 percent in labor costs per unit of product was influential in increasing the flour miller's spread.

Since the mid-1950's, there has been an uptrend in flour extraction rates. Mills in 1962 recovered about 1.5 pounds more flour per hundredweight of wheat milled than in 1955. This change reduced slightly the quantity of wheat required to produce a 1-pound loaf of bread.

Profits of 4 Major Milling Companies

Profits as a percentage of sales for 4 major milling companies have increased since the mid-1950's. 7/ Earnings have risen along with the increase in the mill spread. Net profits after taxes per dollar

7/ Marketing and Transportation Situation, ERS, USDA, MTS-151, Nov. 1963, table 7, page 15.

of sales in 1950 were 3.1 cents--the same as in 1945-49. Profits in the early 1950's declined to 2.3 cents and then increased gradually to 3.7 cents in 1963. These companies produced other products besides flour, so profits did not come entirely from flour milling.

Other important trends have also been occurring. In 1962, there were 282 mills with daily capacity in excess of 400 hundredweight, down from 426 in 1946. Total flour production was down slightly. But flour produced per mill increased nearly 50 percent, and the proportion of plant milling capacity utilized was 92 percent in 1962, up from 77 percent in 1946.

Other Marketing Spreads Increase

Other marketing spreads amounted to 1.5 cents in 1963, 0.1 cent smaller than in 1962 and 0.3 cent above the 1947-49 average (table 11 and fig. 1). 8/ These spreads accounted for 7 percent of the retail price in 1963 compared with 9 percent in 1947-49.

Farm Value of Ingredients Unchanged in 1963

The farm value of all farm-originated ingredients used in a pound of white bread was 3.1 cents in 1963--the same as in 1962, but 0.2 cent below 1947-49. The farmer received about 14 percent of the average retail price in 1963 compared with 24 percent in 1947-49 (table 11).

The farm value of the wheat equivalent to a pound of bread was 2.5 cents in 1963, down 0.1 cent from 1962 and 0.2 cent (7 percent) below 1947-49. During 1947-49 the wheat farmer received 20 percent of the retail price; in 1963 he received about 12 percent of a higher retail price.

8/ For transporting, handling, and storing all ingredients and for processing ingredients other than flour.

SOME ECONOMIC ASPECTS OF ORANGE PROCESSING 1/

Per capita consumption of orange products has shifted greatly since 1946, the year frozen orange concentrate was introduced on the market. Consumers rapidly accepted orange concentrate and the resulting increased processing had a major impact on the industry. The changing pattern of consumption of fresh oranges, canned orange juice, and frozen orange concentrate was one of the more obvious manifestations. 2/ However, numerous other interrelated changes have occurred. This article will attempt to relate the increase in processing to prices, marketing costs, and marketing efficiency. The 10-year span, 1953-62, was selected for analysis. This period seemed most satisfactory since the effects of increased processing had emerged by 1953, and the abnormal conditions caused by the December 1962 freeze in Florida were excluded.

Orange Consumption

In this 10-year period, consumption of fresh oranges dropped from 27.6 pounds per person to 15.7 pounds, a decrease of 43 percent (table 15). Per capita consumption of canned orange juice decreased 39 percent during the period--from 3.1 pounds to 1.9 pounds. In sharp contrast, consumption of frozen orange concentrate increased from 12.8 pounds (reconstituted basis) per person in 1953 to 19.5 pounds in 1962, or 52 percent. Despite the large changes in per capita consumption of these products individually, combined consumption of the 3 on a single-strength equivalent basis remained essentially unchanged. Consumption of the 3 products totaled 30.5 pounds per person in 1953, 31.0 pounds in 1962, and averaged 30.1 pounds for the entire 10-year period. 3/ During 6 of the 10 years, consumption varied less than 5 percent from average; it varied more than 10 percent only once--downward in 1958, a year of very high prices.

For the first 5 years of the period, expenditures averaged $4.74 per person. In no year did expenditures vary more than $0.07 from that figure. In 1958, price increases more than offset reduced consumption and a new level of per capita expenditures was established at $5.51. For 2 years following, there was practically no variation. Expenditures dropped to $5.30 in 1961 and to $5.15 in 1962.

Prices

Closely associated with the changing pattern of consumption were changes in orange prices. Table 16 contains prices per 24 ounces single-strength equivalent for the 3 products individually and combined into an average price for oranges. 4/ The average price alternated above and below the 1953 price of 22.9 cents through 1957. Variations were small, however, ranging from 1.0 cent below in 1955 to 2.0 cents above in 1956. In 1958, because of a reduced orange crop following a severe freeze, the average price for the 3 products jumped to 32.2 cents, the highest level in the 10-year period. A downward movement in prices followed, reducing the average price to 25.4 cents in 1962.

Concealed in the average prices are the somewhat different price behavior

1/ Prepared by Victor G. Edman, agricultural economist, Marketing Economics Division, Economic Research Service, USDA.

2/ These 3 products accounted for most of the orange consumption. Because retail prices are available for these 3 only, other orange products could not be included in the analysis.

3/ Figures for total consumption of 3 products include fresh oranges and frozen concentrate converted to a single-strength basis.

4/ The average of retail prices of oranges sold fresh, as canned juice and as frozen concentrate weighted by their respective volumes of consumption.

Table 15.--Oranges, fresh, canned juice, and frozen concentrate: U. S. average per capita consumption and expenditures, 1953-62

Year	Fresh oranges	Canned juice 1/	Frozen concentrate 2/	Total 3/	Consumer expenditures per capita
	Pounds	Pounds	Pounds	Pounds	Dollars
1953	27.6	3.1	12.8	30.5	4.76
1954	24.5	3.1	13.9	29.9	4.79
1955	24.8	3.0	15.8	32.8	4.69
1956	22.6	2.4	15.5	30.4	4.81
1957	21.6	2.4	17.0	31.7	4.67
1958	17.6	2.7	13.3	24.9	5.51
1959	19.8	1.9	16.6	30.2	5.53
1960	19.4	2.1	17.6	31.1	5.52
1961	16.2	1.7	16.8	28.0	5.30
1962	15.7	1.9	19.5	31.0	5.15

1/ Single-strength juice.
2/ Single-strength equivalent.
3/ Fresh oranges and frozen concentrate converted to a single-strength basis.

Table 16.--Oranges: Retail price and farm-retail spread per 24 ounce single-strength equivalent, 1953-62

Year	Retail price				Farm-retail spread			
	Fresh oranges	Canned juice	Frozen concentrate	All	Fresh oranges	Canned juice	Frozen concentrate	All
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
1953	26.8	17.7	19.6	22.9	20.4	13.4	14.9	17.4
1954	30.3	18.2	18.6	23.6	21.2	13.8	14.2	17.2
1955	26.9	17.6	18.3	21.9	19.1	13.6	14.1	16.2
1956	30.3	19.6	19.6	24.9	20.9	14.5	13.8	17.4
1957	29.3	18.5	18.3	22.6	21.0	13.8	13.6	16.5
1958	43.5	20.8	27.0	32.2	27.6	17.0	20.3	22.5
1959	32.5	25.9	25.8	28.4	22.5	17.2	17.7	19.5
1960	36.9	22.4	22.5	27.7	24.5	16.4	16.1	19.1
1961	38.3	25.2	24.6	29.3	26.0	16.6	16.5	19.8
1962	37.6	22.2	20.9	25.4	27.2	16.3	14.3	17.8

patterns of the 3 products used in computing the averages. Retail prices for canned juice and frozen concentrate were nearly equal from 1953 to 1962. In all years except 1958, the difference in their prices per 24 ounce single-strength equivalent was less than 2.0 cents, and in 7 years that difference was less than 1.0 cent. The retail price for fresh oranges during this period averaged about 35 percent higher per 24 ounces single-strength equivalent than the price of processed products. The trend in relative positions, however, helps explain shifts in per capita consumption. From 1953 through 1957, prices for each product fluctuated from year to year, but relative positions remained stable. In 1958 all prices moved sharply upward. Fresh oranges increased 14.2 cents; concentrate was up 8.7 cents; and canned juice rose 2.3 cents followed by an increase of 5.1 cents in 1959.

After reaching these peaks, price behavior for the 3 products became more divergent. Fresh orange prices dropped sharply in 1959, then moved upward and remained relatively high through 1962. Canned juice prices maintained a moderately high position through 1962. The price of concentrate fluctuated after 1958 but fell in 1962 to a level slightly above the pre-1958 years. Consequently, the price gap between fresh and processed oranges widened. The 1962 price of 20.9 cents for concentrate compared with 22.2 cents for canned juice and 37.6 cents for fresh oranges.

The changes in consumption of individual products reflect these price changes. Concentrate became a much better buy relative to canned juice and fresh oranges--a situation borne out by consumption data. However, not all consumption shifts were in response to price changes. Undoubtedly variations in other determinants of demand, such as preferences of consumers and prices of substitute commodities, also had an effect.

The price behavior described for fresh oranges, canned juice, and frozen concentrate following 1957 reflected shifting supply-demand relationships for these products. Increases in population and consumer income during the 10 years probably exerted an upward pressure on demand for all 3 products. In addition, changes in consumers' tastes and in prices of substitute products may either have increased or decreased demand. Supplies, in terms of total orange production and their use, may be described more specifically. In 1953, approximately 51 percent of the U. S. orange crop was sold fresh compared to 49 percent processed. The percentage processed increased steadily. In 1962, 73 percent of the crop was processed and 27 percent sold fresh. In terms of boxes, processed use increased from 57 million boxes in 1953 to 98 million boxes in 1962. Fresh use decreased from 58 million boxes in 1953 to 35 million boxes in 1962. Fresh orange prices increased greatly because of reduced supplies and possibly an increase in demand. The retail price climbed from 26.8 cents per 24-ounce equivalent in 1953 to 37.6 cents in 1962. In contrast, the upward pressure on prices of processed products coming from increased demand was almost counterbalanced by the increased supply, particularly of frozen concentrate. Canned juice cost 17.7 cents per 24 ounces in 1953, compared with 22.2 cents in 1962. Frozen concentrate was 19.6 cents per 24 ounce single-strength equivalent in 1953 and 20.9 cents in 1962.

Marketing Costs

Increased utilization of the orange crop for processing suggests higher returns in this use compared with alternatives. While marginal returns cannot be calculated from available data, a partial explanation of the increase in processing is offered by comparing marketing costs for fresh oranges, canned juice, and frozen concentrate. The farm-retail spread is used as an estimate of total unit marketing costs. In 1953, the spread for oranges sold fresh was 20.4 cents compared with 13.4 cents for canned juice and 14.9 cents for frozen concentrate, all for 24 ounce single-strength equivalents (table 16). By 1957 the spread for fresh oranges had risen to 21.0 cents and the spread for canned juice to 13.8 cents, while the spread for concentrate had dropped to 13.6 cents. In 1958 all spreads soared along with prices. However, the spread for fresh oranges, after decreasing in 1959, increased through 1962. The spread for canned juice did not go as high as those for the other products in 1958, but its subsequent decline was small. The spread for concentrate, on the other hand, declined considerably after 1958. As a result, the 1962 spread was 14.3 cents for concentrate compared with 16.3 cents for canned juice and 27.2 cents for fresh oranges.

The main marketing-cost advantages of concentrate involve smaller costs for transportation and retailing, which more than offset the added cost of processing. For example, because of increased standardization and reduced perishability, retail stores in Washington, D. C., in 1959-60

were able to sell 6 ounces, the equivalent of 24 ounces of single-strength juice, for a markup of less than 5.0 cents compared with 7.2-13.3 cents for the equivalent quantity of fresh oranges. 5/ The cost of transporting 6 ounces of concentrate from Florida to Washington, D. C. was less than 1.0 cent compared with 3.0 cents for an equivalent quantity of fresh oranges shipped from Florida and 7.1 cents from California.

Intercity Price Variation

Orange prices vary considerably among cities. Under a perfectly efficient competitive system, these variations would not exceed transportation differentials. Actually they often do. The impact of increased processing on intercity price variation was examined by comparing prices in 1962 and 1953 for 20 major cities.

In 1953, annual retail prices of fresh oranges per 24 ounces single-strength equivalent ranged from 20.1 cents in Los Angeles to 32.2 cents in Seattle, a difference of 12.1 cents (table 17). Ten years later, fresh orange prices varied from 27.2 cents in Washington, D. C. to 46.6 cents in Seattle, a difference of 19.4 cents.

The price range for canned juice was less. In 1953, 24 ounces of canned juice cost from 15.2 cents in Atlanta to 19.8 cents in Los Angeles, a range of 4.6 cents. In 1962, the price of canned juice varied from 19.2 cents in Atlanta to 27.6 cents in San Francisco, a difference of 8.4 cents.

The smallest range in prices was for frozen concentrate. In 1953, prices per 24 ounces single - strength equivalent varied from 18.1 cents in Boston to 21.2 cents in Cleveland and Detroit, or 3.1 cents. In 1962, the lowest price for concentrate was 19.0 cents in Scranton and the highest was 26.8 cents in San Francisco, a difference of 7.8 cents.

The price increases that occurred from 1953 to 1962 were not unique for orange products. The BLS Consumer Price Indexes for 1962 (1953=100) ranged from 108 in Detroit and Pittsburgh to 118 in Boston. However, the percentage change for fresh oranges was always more, and usually much more than the general price level change. This was not true for concentrate. Frozen concentrate price increases were seldom more (and in most cases less) than the increase in the general price level. In 5 cities, the 1962 price for concentrate was less than the 1953 price.

Therefore, the increase in orange processing had a strong damping effect on the intercity variation in average orange prices. The percentage change in the average price for the 3 products was more than the Consumer Price Index change only in Boston, Houston, Los Angeles, Portland, Oregon, St. Louis, and San Francisco. In the other 14 cities the percentage change in orange prices was about the same or less than the percentage change in the general price level.

5/ Badger, Henry T., The Impact of Technological Change on Marketing Costs and Grower's Returns, MRR 573, U. S. Dept. Agri., Dec. 1963.

Table 17.--Oranges: Retail price per 24-ounce single-strength equivalent and consumer price index, by cities, 1953 and 1962

City and U.S. average	1953					1962					Percentage change in price 1953 to 1962			
	CPI all items 1/	Retail price per 24-ounce equivalent				CPI all items 1/	Retail price per 24-ounce equivalent							
		All oranges	Fresh oranges	Canned: orange: juice	Frozen orange concentrate		All oranges	Fresh oranges	Canned: orange: juice	Frozen orange concentrate	All oranges	Fresh oranges	Canned: orange: juice	Frozen orange concentrate
		Cents	Cents	Cents	Cents		Cents	Cents	Cents	Cents	Percent	Percent	Percent	Percent
Atlanta	100	20.0	20.5	15.2	20.5	110	22.1	28.0	19.2	20.0	10.5	36.6	26.3	- 2.5
Baltimore	100	21.5	23.4	16.8	20.6	114	22.2	27.3	21.7	20.2	3.3	16.7	29.2	- 2.1
Boston	100	21.4	25.3	16.8	18.1	118	25.7	37.3	24.3	21.3	20.1	47.4	44.6	17.7
Chicago	100	22.8	27.9	16.9	18.3	114	25.8	41.2	21.3	20.2	13.1	47.6	26.0	10.4
Cincinnati	100	20.9	22.8	16.7	19.8	111	22.2	27.9	22.3	20.0	6.2	22.3	33.5	1.0
Cleveland	100	23.8	27.4	18.0	21.2	113	24.2	35.2	22.1	20.1	1.7	28.4	22.8	- 5.2
Detroit	100	24.8	29.3	18.6	21.2	108	26.2	40.8	21.5	21.0	5.7	39.2	15.6	- 1.0
Houston	100	23.3	28.7	17.8	18.7	110	27.7	44.0	21.6	21.9	18.9	53.3	21.3	17.1
Kansas City	100	30.0	27.8	18.0	18.6	114	27.6	45.1	21.4	21.3	- 8.0	62.2	18.8	14.5
Los Angeles	100	19.8	20.1	19.8	19.4	115	27.7	40.4	25.0	23.0	39.9	101.0	26.3	18.5
Minneapolis-St. Paul	100	24.3	28.9	18.8	20.5	113	26.5	41.7	22.1	21.0	9.1	44.2	17.6	2.4
New York City-New Jersey	100	23.6	28.9	16.8	19.4	114	24.4	37.5	21.4	19.6	3.4	29.7	27.3	1.0
Philadelphia	100	21.2	24.6	16.7	18.3	113	22.6	31.2	20.8	19.4	6.6	26.8	24.6	6.0
Pittsburgh	100	23.9	28.5	17.3	20.5	108	25.5	36.4	21.9	21.6	6.7	27.7	26.5	5.4
Portland	100	24.0	28.9	19.6	19.6	112	28.7	42.3	25.4	23.6	19.6	46.4	29.6	20.4
St. Louis	100	20.3	27.8	17.2	20.3	112	25.9	41.4	21.4	20.3	27.6	48.9	24.4	0
San Francisco	100	23.0	26.0	19.7	20.3	117	30.6	41.0	27.6	26.8	33.0	57.7	40.1	32.0
Scranton	100	21.2	23.9	16.5	19.3	112	23.3	35.0	20.0	19.0	9.9	46.4	21.2	- 1.6
Seattle	100	25.9	32.2	19.5	20.2	115	29.6	46.6	26.4	23.3	14.3	44.7	35.3	15.3
Washington, D.C.	100	21.6	24.4	17.2	19.5	111	22.1	27.2	20.1	20.3	2.3	11.5	16.9	4.1
U. S. average	100	22.9	26.8	17.7	19.6	113	25.4	37.6	22.2	20.9				

1/ Bureau of Labor Statistics Consumer Price Index.

SELECTED NEW PUBLICATIONS

1. "Competitive Practices in Marketing Florida and Texas Fresh Grapefruit," Florida and Texas Agr. Expt. Stas. MRR-629, Oct. 1963. (Econ. Res. Ser. cooperating.)
2. "Costs of Electric Power and Fuel for Driers in Cotton Gins, Arkansas and Missouri," by Shelby H. Holder and Oliver L. McCaskill, U. S. Dept. Agr., Econ. Res. Ser., Agr. Res. Ser., ERS-138, Oct. 1963.
3. "Estimated Number of Days' Supply of Food and Beverages in Warehouses at Wholesale, 1963 -- A Civil Defense Study," by Michael G. Van Dress, U. S. Dept. Agr., Econ. Res. Ser., MRR-632, Oct. 1963.
4. "Freeze-Drying of Foods: Cost Projections," by Kermit Bird, U. S. Dept. Agr., Econ. Res. Ser., MRR-639, Jan. 1964.
5. "Man, Land, and Food -- Looking Ahead at World Food Needs," by Lester R. Brown, U. S. Dept. Agr., Econ. Res. Ser., FAE-11, Nov. 1963.
6. "Packing Mature Green Tomatoes: Quality, Costs, and Margins in the Lower Rio Grande Valley of Texas," by Robert W. Bohall, Joseph C. Podany, and Raymond O. P. Farrish, U. S. Dept. Agr., Econ. Res. Ser., MRR-635, Nov. 1963.
7. "Rising Depreciations of Assets in Agricultural Marketing Firms -- Some Causes and Implications," by Stephen J. Hiemstra, U. S. Dept. Agr., Econ. Res. Ser., AER-47, Dec. 1963.
8. "The Pecan Nursery Industry -- Structure and Economic Aspects," by Jules V. Powell U. S. Dept. Agr., Econ. Res. Ser., AER-44, Oct. 1963.
9. "Transporting Packaged Fluid Milk to Distant Markets, Costs and Systems in Georgia," by D. H. Carley, Ga. Agr. Expt. Sta., Tech. Bull. N.S. 30, Nov. 1963. (Econ. Res. Ser. cooperating.)

Publications issued by State Agricultural Experiment Stations may be obtained from the issuing Station.

LIST OF SPECIAL ARTICLES in The Marketing and Transportation Situation 1963

Table 18.--Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, October-December 1963 1/

Product 2/	Farm equivalent	Retail unit	Retail cost	Gross farm value	Byproduct allowance	Net farm value	Farm-retail spread	Farmer's share 3/
			Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket	Farm produce equivalent to products bought by urban families	Average quantities purchased per urban wage-earner and clerical-worker family in 1952	1075.17	---	---	390.54	684.63	36
Meat products			276.25	---	---	127.30	148.95	46
Dairy products			201.49	---	---	89.50	111.99	44
Poultry and eggs			87.70	---	---	52.00	35.70	59
Bakery and cereal products								
All ingredients			172.66	---	---	30.67	141.99	18
Grain			---	26.55	3.37	23.18	---	13
All fruits and vegetables			247.84	---	---	71.82	176.02	29
Fresh fruits and vegetables			144.89	---	---	52.63	92.26	36
Fresh vegetables			70.78	---	---	21.73	49.05	31
Processed fruits and vegetables			102.95	---	---	19.19	83.76	19
Fats and oils			41.89	---	---	11.47	30.42	27
Miscellaneous products			47.34	---	---	7.78	39.56	16
			Cents	Cents	Cents	Cents	Cents	Percent
Beef (Choice grade)	2.25 lb. Choice grade cattle	Pound	80.0	47.7	4.0	43.7	36.3	55
Lamb (Choice grade)	2.38 lb. lamb	Pound	71.9	41.3	7.3	34.0	37.9	47
Pork (retail cuts)	2.13 lb. hogs	Pound	57.0	31.3	4.1	27.2	29.8	48
Butter	Cream and whole milk	Pound	75.5	---	---	54.7	20.8	72
Cheese, American process	Milk for American cheese	½ pound	36.7	---	---	15.0	21.7	41
Ice cream	Cream and milk	½ gallon	85.2	---	---	4/ 22.8	62.4	27
Milk, evaporated	Milk for evaporating	14-½ ounce can	15.4	---	---	6.4	9.0	42
Milk, fluid	Wholesale fluid milk	Quart	25.5	---	---	10.9	14.6	43
Chickens, frying, ready-to-cook	1.37 lb. broilers	Pound	39.8	---	---	19.0	20.8	48
Eggs	1.03 doz.	Dozen	54.7	---	---	36.6	18.1	67
Bread, white								
All ingredients	Wheat and other ingredients	Pound	21.6	---	---	3.1	18.5	14
Wheat	.882 lb. wheat	Pound	---	2.9	.4	2.5	---	12
Crackers, soda	1.38 lb. wheat	Pound	30.9	4.5	.5	4.0	26.9	13
Corn flakes	1.57 lb. white corn	12 ounces	28.4	3.3	.8	2.5	25.9	9
Corn meal	1.34 lb. white corn	Pound	14.5	2.8	.3	2.5	12.0	17
Flour, white	6.9 lb. wheat	5 pounds	56.9	22.5	2.8	19.7	37.2	35
Rolled oats	2.31 lb. oats	18 ounces	24.2	4.6	.7	3.9	20.3	16
Apples	1.08 lb. apples	Pound	14.3	---	---	5.1	9.2	36
Grapefruit	1.04 grapefruit	Each	15.4	---	---	3.9	11.5	25
Lemons	1.04 lb. lemons	Pound	21.9	---	---	4.4	17.5	20
Oranges	1.04 doz. oranges	Dozen	87.6	---	---	32.0	55.6	37
Beans, green	1.09 lb. snap beans	Pound	25.1	---	---	11.3	13.8	45
Cabbage	1.10 lb. cabbage	Pound	8.8	---	---	2.0	6.8	23
Carrots	1.06 lb. carrots	Pound	14.9	---	---	4.0	10.9	27
Celery	1.11 lb. celery	Pound	13.5	---	---	3.5	10.0	26
Lettuce	1.41 lb. lettuce	Head	19.9	---	---	7.4	12.5	37
Onions	1.06 lb. onions	Pound	11.0	---	---	3.3	7.7	30
Potatoes	10.42 lb. potatoes	10 pounds	63.3	---	---	14.7	48.6	23
Sweetpotatoes	1.12 lb. sweetpotatoes	Pound	13.6	---	---	4.3	9.3	32
Tomatoes	1.18 lb. tomatoes	Pound	31.7	---	---	11.8	19.9	37
Orange juice, canned	5.88 lb. Fla. oranges for canning	46 ounce can	58.4	---	---	13.6	44.8	23
Peaches, canned	1.89 lb. Calif. cling	No. 2-1/2 can	33.2	---	---	5.3	27.9	16
Beans with pork, canned	.35 lb. Mich. dry beans	16 ounce can	15.1	---	---	2.2	12.9	15
Corn, canned	2.49 lb. sweet corn	No. 303 can	19.1	---	---	2.4	16.7	13
Peas, canned	.69 lb. peas for canning	No. 303 can	22.7	---	---	2.9	19.8	13
Tomatoes, canned	1.84 lb. tomatoes for processing	No. 303 can	15.8	---	---	2.5	13.3	16
Orange juice concentrate, frozen	3.05 lb. Fla. oranges for frozen concentrated juice	6 ounce can	32.7	---	---	9.2	23.5	28
Strawberries, frozen	.51 lb. strawberries for processing	10 ounces	27.4	---	---	6.1	21.3	22
Beans, green, frozen	.71 lb. beans for processing	9 ounces	23.6	---	---	3.8	19.8	16
Peas, frozen	.70 lb. peas for freezing	10 ounces	21.0	---	---	3.0	18.0	14
Dried beans (navy)	1.00 lb. Mich. dry beans	Pound	17.7	---	---	6.2	11.5	35
Dried prunes	.97 lb. dried prunes	Pound	40.2	---	---	13.6	26.6	34
Margarine, colored	Soybeans, cottonseed and milk	Pound	27.6	---	---	7.2	20.4	26
Peanut butter	1.77 lb. peanuts	Pound	57.7	---	---	19.9	37.8	34
Salad dressing	Cottonseed, soybeans, sugar, and eggs	Pint	38.4	---	---	6.6	31.8	17
Vegetable shortening	Soybeans and cottonseed	3 pounds	81.3	---	---	25.6	55.7	31
Corn sirup	1.90 lb. corn	24 ounces	29.4	3.6	.7	2.9	26.5	10
Sugar	38.90 lb. sugar beets	5 pounds	69.7	24.4	1.1	5/ 23.3	5/ 46.4	5/ 33

1/ The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

2/ Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

3/ This estimate of the farmer's share does not allow for Government payments to producers.

4/ Farm value of cream and milk only.

5/ Net farm value adjusted for Government payments to producers was 27.4 cents, farm-retail spread adjusted for Government processor tax was 43.7 cents, and farmer's share of retail cost based on adjusted farm value was 39 percent.

Table 19 -Farm food products: Retail cost and farm value, October-December 1963, July-September 1963, October-December 1962, and 1957-59 average 1/

Product 2/	Retail unit	Retail cost: Oct.-Dec. 1963	Retail cost: July-Sept. 1963	Retail cost: Oct.-Dec. 1962	Retail cost: 1957-59 average	Retail cost: Percentage change Oct.-Dec. 1963 from- July-Sept. 1963	Retail cost: Percentage change Oct.-Dec. 1963 from- Oct.-Dec. 1962	Net farm value 3/: Oct.-Dec. 1963	Net farm value 3/: July-Sept. 1963	Net farm value 3/: Oct.-Dec. 1962 4/	Net farm value 3/: 1957-59 average	Net farm value 3/: Percentage change Oct.-Dec. 1963 from- July-Sept. 1963	Net farm value 3/: Percentage change Oct.-Dec. 1963 from- Oct.-Dec. 1962
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Dollars	Dollars	Dollars	Dollars	Percent	Percent
Market basket	Average quantities purchased per urban wage-earner and clerical-worker family in 1952	1075.17	1086.59	1068.65	1,037.26	-1	1	390.54	4/396.67	409.52	409.76	-2	-5
Meat products		276.25	280.21	290.61	277.43	-1	-5	127.30	141.37	155.76	150.65	-10	-18
Dairy products		201.49	199.71	200.25	193.54	1	1	89.50	4/87.18	88.38	87.76	3	1
Poultry and eggs		87.70	84.33	88.90	92.03	4	-1	52.00	50.25	54.07	56.02	3	-4
Bakery and cereal products													
All ingredients		172.66	172.77	171.42	159.22	5/	1	30.67	4/28.80	30.60	29.98	6	5/
Grain		---	---	---	---	---	---	23.18	4/21.46	23.53	22.33	8	-1
All fruits and vegetables		247.84	260.18	229.80	227.64	-5	8	71.82	4/70.31	62.60	65.61	2	15
Fresh fruits and vegetables		144.89	158.40	137.20	134.44	-9	6	52.63	4/52.49	44.19	46.58	5/	19
Fresh vegetables		70.78	71.79	66.76	68.70	-1	6	21.73	4/22.25	19.25	22.03	-2	13
Processed fruits and vegetables		102.95	101.78	92.60	93.20	1	11	19.19	4/17.83	18.41	19.03	8	4
Fats and oils		41.89	42.01	42.70	44.33	5/	-2	11.47	4/10.93	10.67	12.49	5	7
Miscellaneous products		47.34	47.38	44.97	43.07	5/	5	7.78	4/7.83	7.44	7.25	-1	5
		Cents	Cents	Cents	Cents	Percent	Percent	Cents	Cents	Cents	Cents	Percent	Percent
Beef (Choice grade)	Pound	80.0	80.4	85.6	78.1	5/	-7	43.7	46.7	55.3	49.7	-6	-21
Lamb (Choice grade)	Pound	71.9	73.1	71.9	71.3	-2	0	34.0	37.5	35.9	39.8	-9	-5
Pork (retail cuts)	Pound	57.0	59.6	60.0	60.7	-4	-5	27.2	32.0	31.1	32.5	-15	-13
Butter	Pound	75.5	74.9	75.0	74.6	1	1	54.7	4/54.7	54.0	51.8	0	1
Cheese, American process	½ pound	36.7	36.4	36.1	32.8	1	2	15.0	14.6	14.4	14.2	3	4
Ice cream	½ gallon	85.2	85.3	85.4	87.5	5/	5/	6/22.8	6/22.7	6/22.3	22.2	5/	2
Milk, evaporated	14½ ounce can	15.4	15.4	15.5	15.0	0	-1	6.4	6.2	6.1	6.2	3	5
Milk, fluid	Quart	25.5	25.2	25.3	24.5	1	1	10.9	10.5	10.9	10.8	4	0
Chickens, frying, ready-to-cook	Pound	39.8	39.8	40.4	44.9	0	-1	19.0	19.6	19.9	24.4	-3	-5
Eggs	Dozen	54.7	51.2	55.4	54.5	7	-1	36.6	34.3	37.9	36.1	7	-3
Bread, white													
All ingredients	Pound	21.6	21.6	21.2	19.3	0	2	3.1	2.8	3.1	3.0	11	0
Wheat	Pound	---	---	---	---	---	---	2.5	2.3	2.6	2.4	9	-4
Crackers, soda	Pound	30.9	31.0	31.1	29.1	5/	-1	4.0	3.6	4.0	3.8	11	0
Corn flakes	12 ounces	28.4	28.4	28.0	24.7	0	1	2.5	2.6	2.1	2.9	-4	19
Corn meal	Pound	14.5	14.5	14.2	12.9	0	2	2.5	2.6	2.1	2.9	-4	19
Flour, white	5 pounds	56.9	57.1	57.4	54.8	5/	-1	19.7	18.0	20.2	18.9	9	-2
Rolled oats	18 ounces	24.2	24.1	24.0	20.2	5/	1	3.9	3.8	3.9	3.8	3	0
Apples	Pound	14.3	20.7	14.1	15.1	-31	1	5.1	6.0	5.3	4.6	-15	-4
Grapefruit	Each	15.4	21.7	14.0	12.5	-29	10	3.9	6.1	2.4	2.5	-36	62
Lemons	Pound	21.9	22.2	23.6	18.9	-1	-7	4.4	5.6	7.6	4.5	-21	-42
Oranges	Dozen	87.6	91.4	83.3	66.8	-4	5	32.0	27.1	22.9	23.3	18	40
Beans, green	Pound	25.1	22.4	24.9	24.6	12	1	11.3	10.1	10.3	10.6	12	10
Cabbage	Pound	8.8	9.3	8.5	9.0	-5	4	2.0	2.6	2.2	2.4	-23	-9
Carrots	Pound	14.9	15.3	14.9	14.7	-3	0	4.0	3.7	3.2	3.7	8	25
Celery	Pound	13.5	13.7	13.2	15.1	-1	2	3.5	4.3	3.3	4.4	-19	6
Lettuce	Head	19.9	18.9	18.6	17.6	5	7	7.4	5.0	5.7	5.9	48	30
Onions	Pound	11.0	12.7	9.8	10.3	-13	12	3.3	4.1	2.0	3.4	-20	65
Potatoes	10 pounds	63.3	69.9	61.0	61.0	-9	4	14.7	21.1	15.7	17.9	-30	-6
Sweetpotatoes	Pound	13.6	15.4	13.3	14.8	-12	2	4.3	4.8	4.0	4.8	-10	8
Tomatoes	Pound	31.7	27.1	27.3	30.4	17	16	11.8	9.1	9.8	10.7	30	20
Orange juice, canned	46 ounce can	58.4	55.8	40.2	41.6	5	45	13.6	8.3	10.9	12.4	64	25
Peaches, canned	No. 2-½ can	33.2	33.3	31.9	34.8	5/	4	5.3	4/5.7	6.1	6.1	-7	-13
Beans with pork, canned	16 ounce can	15.1	15.0	15.0	14.9	1	1	2.2	2.2	2.1	2.4	0	5
Corn, canned	No. 303 can	19.1	19.3	19.7	18.1	-1	-3	2.4	4/2.4	2.4	2.4	0	0
Peas, canned	No. 303 can	22.7	22.5	22.5	21.0	1	1	2.9	2.9	2.9	3.1	0	0
Tomatoes, canned	No. 303 can	15.8	15.6	15.5	15.8	1	2	2.5	4/2.6	2.6	2.3	-4	-4
Orange juice concentrate, frozen	6 ounce can	32.7	32.5	19.7	23.7	1	66	9.2	9.2	7.6	8.4	0	21
Strawberries, frozen	10 ounces	27.4	27.6	27.2	26.4	-1	1	6.1	6.1	6.3	6.0	0	-3
Beans, green, frozen	9 ounces	23.6	23.7	22.8	22.4	5/	4	3.8	4/3.9	4.1	4.4	-3	-7
Peas, frozen	10 ounces	21.0	21.1	20.8	19.7	5/	1	3.0	3.0	3.0	3.2	0	0
Dried beans (navy)	Pound	17.7	17.9	17.5	17.1	-1	1	6.2	6.4	6.0	7.0	-3	3
Dried prunes	Pound	40.2	40.1	39.7	35.9	5/	1	13.6	13.7	14.9	13.0	-1	-9
Margarine, colored	Pound	27.6	27.5	27.9	29.1	5/	-1	7.2	6.7	6.5	7.8	7	11
Peanut butter	Pound	57.7	57.8	57.8	54.9	5/	5/	19.9	20.0	20.0	18.7	-1	-1
Salad dressing	Pint	38.4	38.1	38.3	37.5	1	5/	6.6	6.4	6.1	6.9	3	8
Vegetable shortening	3 pounds	81.3	83.0	85.6	93.6	-2	-5	25.6	24.0	23.5	28.2	7	9
Corn sirup	24 ounces	29.4	28.8	27.5	25.7	2	7	2.9	3.3	2.6	3.0	-12	12
Sugar	5 pounds	69.7	73.4	58.8	56.2	-5	19	23.3	4/23.0	22.0	20.2	1	6

1/ The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.
2/ Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.
3/ Gross farm value adjusted to exclude imputed values of byproducts obtained in processing.
4/ Most farm value figures for October-December 1962 have been revised; figures in other columns revised as indicated.
5/ Less than 0.5 percent.
6/ Farm value of cream and milk only.

Table 20.--Farm food products: Farm-retail spread and farmer's share of the retail cost, October-December 1963, July-September 1963, October-December 1962 and 1957-59 average 1/

Product 2/	Retail unit	Farm-retail spread 3/ Oct.-Dec. 1963	July-Sept. 1963	Oct.-Dec. 1962 4/	1957-59 average	Percentage change Oct.-Dec. 1963 from- July-Sept. 1963	Oct.-Dec. 1962	Farmer's share Oct.-Dec. 1963	July-Sept. 1963	Oct.-Dec. 1962	1957-59 average
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Percent	Percent	Percent	Percent
Market basket	Average quantities purchased per urban wage-earner and clerical-worker family in 1952	684.63	4/689.92	659.13	627.50	-1	4	36	37	38	40
Meat products		148.95	138.84	134.85	126.78	7	10	46	50	54	54
Dairy products		111.99	4/112.53	111.87	105.78	5/	5/	44	44	44	45
Poultry and eggs		35.70	34.08	34.83	36.01	5	2	59	60	4/61	61
Bakery and cereal products											
All ingredients		141.99	4/143.97	140.82	129.24	-1	1	18	17	18	19
Grain		---	---	---	---	---	---	13	12	14	14
All fruits and vegetables		176.02	4/189.87	167.20	162.03	-7	5	29	27	27	29
Fresh fruits and vegetables		92.26	105.90	93.01	87.86	-13	-1	36	33	32	35
Fresh vegetables		49.05	4/ 49.54	47.51	46.67	-1	3	31	31	29	32
Processed fruits and vegetables		83.76	4/83.95	74.19	74.17	5/	13	19	18	20	20
Fats and oils		30.42	4/31.08	32.03	31.84	-2	-5	27	26	25	28
Miscellaneous products		39.56	4/39.55	37.53	35.82	5/	5	16	17	4/17	17
		Cents	Cents	Cents	Cents	Percent	Percent	Percent	Percent	Percent	Percent
Beef (Choice grade)	Pound	36.3	33.7	30.3	28.4	8	20	55	58	65	64
Lamb (Choice grade)	Pound	37.9	35.6	36.0	31.5	6	5	47	51	50	56
Pork (retail cuts)	Pound	29.8	27.6	28.9	28.2	8	3	48	54	52	54
Butter	Pound	20.8	4/20.2	21.0	22.8	3	-1	72	73	72	69
Cheese, American process	½ pound	21.7	21.8	21.7	18.6	5/	0	41	40	40	43
Ice cream	½ gallon	62.4	62.6	63.1	65.3	5/	-1	27	27	26	25
Milk, evaporated	14½ ounce can	9.0	9.2	9.4	8.8	-2	-4	42	40	39	41
Milk, fluid	Quart	14.6	14.7	14.4	13.7	-1	1	43	42	43	44
Chickens, frying, ready-to-cook	Pound	20.8	20.2	20.5	20.5	3	1	48	49	4/49	54
Eggs	Dozen	18.1	16.9	17.5	18.4	7	3	67	67	68	66
Bread, white											
All ingredients	Pound	18.5	18.8	18.1	16.3	-2	2	14	13	15	16
Wheat	Pound	---	---	---	---	---	---	12	11	12	12
Crackers, soda	Pound	26.9	27.4	27.1	25.3	-2	-1	13	12	13	13
Corn flakes	12 ounces	25.9	25.8	25.9	21.8	5/	0	9	9	8	12
Corn meal	Pound	12.0	11.9	12.1	10.0	1	-1	17	18	15	22
Flour, white	5 pounds	37.2	39.1	37.2	35.9	-5	0	35	32	35	34
Rolled oats	18 ounces	20.3	20.3	20.1	16.4	0	1	16	16	16	19
Apples	Pound	9.2	14.7	8.8	10.5	-37	5	36	29	38	30
Grapefruit	Each	11.5	15.6	11.6	10.0	-26	-1	25	28	17	20
Lemons	Pound	17.5	16.6	16.0	14.4	5	9	20	25	32	24
Oranges	Dozen	55.6	64.3	60.4	43.5	-14	-8	37	30	27	35
Beans, green	Pound	13.8	12.3	14.6	14.0	12	-5	45	45	41	43
Cabbage	Pound	6.8	6.7	6.3	6.6	1	8	23	28	26	27
Carrots	Pound	10.9	11.6	11.7	11.0	-6	-7	27	24	21	25
Celery	Pound	10.0	9.4	9.9	10.7	6	1	26	31	25	29
Lettuce	Head	12.5	13.9	12.9	11.7	-10	-3	37	26	31	34
Onions	Pound	7.7	8.6	7.8	6.9	-10	-1	30	32	20	33
Potatoes	10 pounds	48.6	48.8	45.3	43.1	5/	7	23	30	4/26	29
Sweetpotatoes	Pound	9.3	10.6	9.3	10.0	-12	0	32	31	30	32
Tomatoes	Pound	19.9	18.0	17.5	19.7	11	14	37	34	36	35
Orange juice, canned	46 ounce can	44.8	47.5	29.3	29.2	-6	53	23	15	27	30
Peaches, canned	No. 2-½ can	27.9	4/27.6	25.8	28.7	1	8	16	4/17	19	18
Beans with pork, canned	16 ounce can	12.9	12.8	12.9	12.5	1	0	15	15	14	16
Corn, canned	No. 303 can	16.7	4/16.9	17.3	15.7	-1	-3	13	12	12	13
Peas, canned	No. 303 can	19.8	19.6	19.6	17.9	1	1	13	13	13	15
Tomatoes, canned	No. 303 can	13.3	4/13.0	12.9	13.5	2	3	16	4/17	17	15
Orange juice concentrate, frozen	6 ounce can	23.5	23.3	12.1	15.3	1	94	28	28	39	35
Strawberries, frozen	10 ounces	21.3	21.5	20.9	20.4	-1	2	22	22	23	23
Beans, green, frozen	9 ounces	19.8	4/19.8	18.7	18.0	0	6	16	4/16	18	20
Peas, frozen	10 ounces	18.0	18.1	17.8	16.5	-1	1	14	14	14	16
Dried beans (navy)	Pound	11.5	11.5	11.5	10.1	0	0	35	36	34	41
Dried prunes	Pound	26.6	26.4	24.8	22.9	1	7	34	34	38	36
Margarine, colored	Pound	20.4	20.8	21.4	21.3	-2	-5	26	24	23	27
Peanut butter	Pound	37.8	37.8	37.8	36.2	0	0	34	35	35	34
Salad dressing	Pint	31.8	31.7	32.2	30.6	5/	-1	17	17	16	18
Vegetable shortening	3 pounds	55.7	59.0	62.1	65.4	-6	-10	31	29	27	30
Corn sirup	24 ounces	26.5	25.5	24.9	22.7	4	6	10	11	9	12
Sugar	5 pounds	46.4	4/50.4	36.8	36.0	-8	26	33	4/31	4/37	36

1/ The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.
2/ Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.
3/ The farm-retail spread is the difference between the retail cost and the net farm value shown in table on opposite page.
4/ Most farm-retail spread figures for October-December 1962 have been revised; figures in other columns revised as indicated.
5/ Less than 0.5 percent.

Table 21.--Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, annual 1962 1/

Product 2/	Farm equivalent	Retail unit	Retail cost	Gross farm value	Byproduct allowance	Net farm value	Farm-retail spread	Farmer's share 3/
			Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket	Farm produce equivalent to products bought by urban families	Average quantities purchased per urban wage-earner and clerical-worker family in 1952	1067.51	---	---	409.02	658.49	38
Meat products			284.13	---	---	150.42	133.71	53
Dairy products			200.27	---	---	87.77	112.50	44
Poultry and eggs			85.67	---	---	51.78	33.89	60
Bakery and cereal products								
All ingredients			170.47	---	---	30.98	139.49	18
Grain			---	26.68	3.01	23.67	---	14
All fruits and vegetables			238.70	---	---	69.27	169.43	29
Fresh fruits and vegetables			144.49	---	---	49.68	94.81	34
Fresh vegetables			71.93	---	---	22.77	49.16	32
Processed fruits and vegetables			94.20	---	---	19.59	74.61	21
Fats and oils			43.34	---	---	11.38	31.96	26
Miscellaneous products			44.93	---	---	7.42	37.51	17
			Cents	Cents	Cents	Cents	Cents	Percent
Beef (Choice grade)	2.25 lb. Choice grade cattle	Pound	82.4	56.6	4.8	51.8	30.6	63
Lamb (Choice grade)	2.37 lb. lamb	Pound	70.7	42.0	6.5	35.5	35.2	50
Pork (retail cuts)	2.13 lb. hogs	Pound	59.5	35.8	4.4	31.4	28.1	53
Butter	Cream and whole milk	Pound	75.2	---	---	54.5	20.7	72
Cheese, American process	Milk for American cheese	1/2 pound	36.2	---	---	14.5	21.7	40
Ice cream	Cream and milk	1/2 gallon	85.8	---	---	4/22.6	63.2	26
Milk, evaporated	Milk for evaporating	14-1/2 ounce can	15.6	---	---	6.2	9.4	40
Milk, fluid	Wholesale fluid milk	Quart	25.3	---	---	10.7	14.6	42
Chickens, frying, ready-to-cook	1.37 lb. broilers	Pound	40.7	---	---	20.9	19.8	51
Eggs	1.03 doz.	Dozen	51.8	---	---	34.7	17.1	67
Bread, white								
All ingredients	Wheat and other ingredients	Pound	21.2	---	---	3.1	18.1	15
Wheat	.882 lb. wheat	Pound	---	2.9	.3	2.6	---	12
Crackers, soda	1.38 lb. wheat	Pound	31.0	4.5	.5	4.0	27.0	13
Corn flakes	1.57 lb. white corn	12 ounces	27.3	3.3	.8	2.5	24.8	9
Corn meal	1.34 lb. white corn	Pound	14.0	2.8	.3	2.5	11.5	18
Flour, white	6.9 lb. wheat	5 pounds	57.0	22.5	2.4	20.1	36.9	35
Rolled oats	2.31 lb. oats	18 ounces	23.6	4.6	.6	4.0	19.6	17
Apples	1.08 lb. apples	Pound	16.5	---	---	5.8	10.7	35
Grapefruit	1.04 grapefruit	Each	13.6	---	---	2.4	11.2	18
Lemons	1.04 lb. lemons	Pound	20.4	---	---	5.5	14.9	27
Oranges	1.04 doz. oranges	Dozen	79.3	---	---	23.9	55.4	30
Beans, green	1.09 lb. snap beans	Pound	26.3	---	---	10.7	15.6	41
Cabbage	1.10 lb. cabbage	Pound	10.7	---	---	3.3	7.4	31
Carrots	1.06 lb. carrots	Pound	15.2	---	---	4.0	11.2	26
Celery	1.11 lb. celery	Pound	15.5	---	---	5.4	10.1	35
Lettuce	1.41 lb. lettuce	Head	18.9	---	---	6.1	12.8	32
Onions	1.06 lb. onions	Pound	12.2	---	---	4.0	8.2	33
Potatoes	10.42 lb. potatoes	10 pounds	63.2	---	---	16.9	46.3	27
Sweetpotatoes	1.12 lb. sweetpotatoes	Pound	15.8	---	---	5.6	10.2	35
Tomatoes	1.18 lb. tomatoes	Pound	29.7	---	---	10.6	19.1	36
Orange juice, canned	5.88 lb. Fla. oranges for canning	46 ounce can	42.5	---	---	12.7	29.8	30
Peaches, canned	1.89 lb. Calif. cling	No. 2-1/2 can	32.6	---	---	6.3	26.3	19
Beans with pork, canned	.35 lb. Mich. dry beans	16 ounce can	14.9	---	---	2.2	12.7	15
Corn, canned	2.49 lb. sweet corn	No. 303 can	20.0	---	---	2.4	17.6	12
Peas, canned	.69 lb. peas for canning	No. 303 can	22.5	---	---	2.9	19.6	13
Tomatoes, canned	1.84 lb. tomatoes for processing	No. 303 can	15.7	---	---	2.7	13.0	17
Orange juice concentrate, frozen	3.05 lb. Fla. oranges for frozen concentrated juice	6 ounce can	20.9	---	---	8.4	12.5	40
Strawberries, frozen	.51 lb. strawberries for processing	10 ounces	27.1	---	---	6.2	20.9	23
Beans, green, frozen	.71 lb. beans for processing	9 ounces	22.8	---	---	4.1	18.7	18
Peas, frozen	.70 lb. peas for freezing	10 ounces	20.8	---	---	3.0	17.8	14
Dried beans (navy)	1.00 lb. Mich. dry beans	Pound	17.4	---	---	6.2	11.2	36
Dried prunes	.97 lb. dried prunes	Pound	40.9	---	---	15.9	25.0	39
Margarine, colored	Soybeans, cottonseed and milk	Pound	28.4	---	---	7.0	21.4	25
Peanut butter	1.77 lb. peanuts	Pound	57.4	---	---	20.1	37.3	35
Salad dressing	Cottonseed, soybeans, sugar, and eggs	Pint	38.3	---	---	6.4	31.9	17
Vegetable shortening	Soybeans and cottonseed	3 pounds	88.8	---	---	25.4	63.4	29
Corn sirup	1.90 lb. corn	24 ounces	27.3	3.4	.7	2.7	24.6	10
Sugar	39.19 lb. sugar beets	5 pounds	58.5	22.4	1.1	5/21.3	5/37.2	5/36

1/ The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.
2/ Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.
3/ This estimate of the farmer's share does not allow for Government payments to producers.
4/ Farm value of cream and milk only.
5/ Net farm value adjusted for Government payments to producer was 25.6 cents, farm-retail spread adjusted for Government processor tax was 34.5 cents, and farmer's share of retail cost based on adjusted farm value was 44 percent.

Table 22.--Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, annual 1963 1/

Product 2/	Farm equivalent	Retail unit	Retail cost	Gross farm value	Byproduct allowance	Net farm value	Farm-retail spread	Farmer's share 3/
			Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket	Farm produce equivalent to products bought by urban families	Average quantities purchased per urban wage-earner and clerical-worker family in 1952	1078.31	---	---	393.88	684.43	37
Meat products			278.23	---	---	133.27	144.96	48
Dairy products			199.54	---	---	87.29	112.25	44
Poultry and eggs			86.14	---	---	51.34	34.80	60
Bakery and cereal products								
All ingredients			172.74	---	---	30.61	142.13	18
Grain			---	26.43	3.23	23.20	---	13
All fruits and vegetables			252.98	---	---	72.30	180.68	29
Fresh fruits and vegetables			152.85	---	---	54.29	98.56	36
Fresh vegetables			72.34	---	---	21.57	50.77	30
Processed fruits and vegetables			100.13	---	---	18.01	82.12	18
Fats and oils			42.10	---	---	11.32	30.78	27
Miscellaneous products			46.58	---	---	7.75	38.83	17
			Cents	Cents	Cents	Cents	Cents	Percent
Beef (Choice grade)	2.25 lb. Choice grade cattle	Pound	81.0	49.4	4.1	45.3	35.7	56
Lamb (Choice grade)	2.37 lb. lamb	Pound	72.6	43.2	6.6	36.6	36.0	50
Pork (retail cuts)	2.13 lb. hogs	Pound	57.5	32.9	4.1	28.8	28.7	50
Butter	Cream and whole milk	Pound	75.0	---	---	54.6	20.4	73
Cheese, American process	Milk for American cheese	½ pound	36.3	---	---	14.7	21.6	40
Ice cream	Cream and milk	½ gallon	85.0	---	---	4/22.7	62.3	27
Milk, evaporated	Milk for evaporating	14-½ ounce can	15.4	---	---	6.3	9.1	41
Milk, fluid	Wholesale fluid milk	Quart	25.2	---	---	10.5	14.7	42
Chickens, frying, ready-to-cook	1.37 lb. broilers	Pound	40.1	---	---	20.0	20.1	50
Eggs	1.03 doz.	Dozen	52.8	---	---	35.0	17.8	66
Bread, white								
All ingredients	Wheat and other ingredients	Pound	21.6	---	---	3.1	18.5	14
Wheat	.882 lb. wheat	Pound	---	2.9	.4	2.5	---	12
Crackers, soda	1.38 lb. wheat	Pound	31.0	4.5	.6	3.9	27.1	13
Corn flakes	1.57 lb. white corn	12 ounces	28.3	3.2	.7	2.5	25.8	9
Corn meal	1.34 lb. white corn	Pound	14.4	2.8	.3	2.5	11.9	17
Flour, white	6.9 lb. wheat	5 pounds	57.0	22.3	2.6	19.7	37.3	35
Rolled oats	2.31 lb. oats	18 ounces	24.1	4.6	.7	3.9	20.2	16
Apples	1.08 lb. apples	Pound	17.2	---	---	6.0	11.2	35
Grapefruit	1.04 grapefruit	Each	17.5	---	---	4.7	12.8	27
Lemons	1.04 lb. lemons	Pound	23.5	---	---	6.2	17.3	26
Oranges	1.04 doz. oranges	Dozen	90.4	---	---	33.5	56.9	37
Beans, green	1.09 lb. snap beans	Pound	26.0	---	---	11.3	14.7	43
Cabbage	1.10 lb. cabbage	Pound	10.6	---	---	2.6	8.0	25
Carrots	1.06 lb. carrots	Pound	14.8	---	---	3.3	11.5	22
Celery	1.11 lb. celery	Pound	14.0	---	---	3.9	10.1	28
Lettuce	1.41 lb. lettuce	Head	19.4	---	---	6.1	13.3	31
Onions	1.06 lb. onions	Pound	11.4	---	---	3.5	7.9	31
Potatoes	10.42 lb. potatoes	10 pounds	65.1	---	---	17.1	48.0	26
Sweetpotatoes	1.12 lb. sweetpotatoes	Pound	13.9	---	---	4.5	9.4	32
Tomatoes	1.18 lb. tomatoes	Pound	32.2	---	---	10.4	21.8	32
Orange juice, canned	5.88 lb. Fla. oranges for canning	46 ounce can	53.2	---	---	9.6	43.6	18
Peaches, canned	1.89 lb. Calif. cling	No. 2-1/2 can	32.8	---	---	5.8	27.0	18
Beans with pork, canned	.35 lb. Mich. dry beans	16 ounce can	15.0	---	---	2.2	12.8	15
Corn, canned	2.49 lb. sweet corn	No. 303 can	19.2	---	---	2.4	16.8	12
Peas, canned	.69 lb. peas for canning	No. 303 can	22.6	---	---	2.9	19.7	13
Tomatoes, canned	1.84 lb. tomatoes for processing	No. 303 can	15.5	---	---	2.6	12.9	17
Orange juice concentrate, frozen	3.05 lb. Fla. oranges for frozen concentrated juice	6 ounce can	30.4	---	---	8.5	21.9	28
Strawberries, frozen	.51 lb. strawberries for processing	10 ounces	27.5	---	---	6.2	21.3	23
Beans, green, frozen	.71 lb. beans for processing	9 ounces	23.4	---	---	4.0	19.4	17
Peas, frozen	.70 lb. peas for freezing	10 ounces	21.0	---	---	3.0	18.0	14
Dried beans (navy)	1.00 lb. Mich. dry beans	Pound	17.8	---	---	6.4	11.4	36
Dried prunes	.97 lb. dried prunes	Pound	40.0	---	---	13.7	26.3	34
Margarine, colored	Soybeans, cottonseed and milk	Pound	27.5	---	---	7.0	20.5	25
Peanut butter	1.77 lb. peanuts	Pound	57.7	---	---	20.1	37.6	35
Salad dressing	Cottonseed, soybeans, sugar, and eggs	Pint	38.1	---	---	6.6	31.5	17
Vegetable shortening	Soybeans and cottonseed	3 pounds	83.5	---	---	25.2	58.3	30
Corn sirup	1.90 lb. corn	24 ounces	28.7	3.7	.7	3.0	25.7	10
Sugar	38.05 lb. sugar beets	5 pounds	67.9	24.3	1.2	5/23.1	5/44.8	5/34

1/ The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

2/ Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

3/ This estimate of the farmer's share does not allow for Government payments to producers.

4/ Farm value of cream and milk only.

5/ Net farm value adjusted for Government payments to producer was 27.2 cents, farm-retail spread adjusted for Government processor tax was 42.1 cents, and farmer's share of retail cost based on adjusted farm value was 40 percent.

Table 23.--The farm food market basket: Revised quarterly data for 1962

Item and period	Retail cost	Gross farm value	Net farm value	Farm-retail spread	Farmer's share
	Dollars	Dollars	Dollars	Dollars	Percent
Market Basket					
Jan.-Mar.	---	---	413.43	648.66	---
Apr.-June	---	---	401.18	664.64	---
Oct.-Dec.	---	---	409.52	659.13	---
Meat Products					
Jan.-Mar.	---	---	146.57	131.57	---
Oct.-Dec.	---	---	155.76	134.85	---
Dairy Products					
Jan.-Mar.	---	---	90.45	112.20	---
Oct.-Dec.	---	---	88.38	111.87	---
Poultry and Eggs					
Jan.-Mar.	---	---	54.70	34.82	---
Oct.-Dec.	---	---	54.07	34.83	61
Bakery & Cereal Products (All ingredients)					
Apr.-June	---	---	31.49	138.48	---
Oct.-Dec.	---	---	30.60	140.82	---
Bakery & Cereal Products (Grain)					
Apr.-June	---	26.91	---	---	---
July-Sept.	---	26.82	---	---	---
Oct.-Dec.	---	26.93	---	---	---
All Fruits & Vegetables					
Jan.-Mar.	---	---	70.83	162.70	---
Apr.-June	---	---	75.50	174.71	---
Oct.-Dec.	---	---	62.60	167.20	---
Fresh Fruits & Vegetables					
Apr.-June	---	---	55.64	100.09	---
Oct.-Dec.	---	---	44.19	93.01	---
Fresh Vegetables					
Apr.-June	---	---	26.56	52.60	34
Oct.-Dec.	---	---	19.25	47.51	---
Processed Fruits & Vegetables					
Jan.-Mar.	---	---	20.67	75.49	---
July-Sept.	93.56	---	19.43	74.13	---
Oct.-Dec.	---	---	18.41	74.19	---
Fats and Oils					
Jan.-Mar.	---	---	12.67	31.14	---
Oct.-Dec.	---	---	10.67	32.03	---

Continued -

Table 23.--The farm food market basket: Revised quarterly data for 1962--Continued

Item and period	Retail cost	Gross farm value	Net farm value	Farm-retail spread	Farmer's share
	Dollars	Dollars	Dollars	Dollars	Percent
Miscellaneous Products					
Oct.-Dec.	---	---	7.44	37.53	17
	Cents	Cents	Cents	Cents	Percent
Beef (Choice grade)					
Jan.-Mar.	---	54.7	50.2	30.4	62
Apr.-June	---	53.9	---	---	---
July-Sept.	---	57.4	---	---	---
Oct.-Dec.	---	60.2	55.3	30.3	---
Pork (Retail cuts)					
Jan.-Mar.	---	---	30.6	27.3	---
Apr.-June	---	33.9	---	---	---
July-Sept.	---	38.8	---	---	---
Oct.-Dec.	---	35.3	31.1	28.9	---
Butter					
Jan.-Mar.	---	---	56.2	19.9	74
Oct.-Dec.	---	---	54.0	21.0	---
Chickens, frying, ready-to-cook					
Jan.-Mar.	---	---	22.4	19.5	---
Oct.-Dec.	---	---	19.9	20.5	49
Eggs					
Jan.-Mar.	---	---	36.3	18.4	---
Oct.-Dec.	---	---	37.9	17.5	---
Flour					
Jan.-Mar.	---	21.6	---	---	---
Apples					
Oct.-Dec.	---	---	5.3	8.8	---
Potatoes					
Apr.-June	---	---	18.9	46.8	29
Oct.-Dec.	---	---	15.7	45.3	26
Sugar 1/					
Jan.-Mar.	---	22.1	---	---	---
Apr.-June	---	22.1	---	---	---
July-Sept.	---	22.1	---	---	---
Oct.-Dec.	---	23.1	22.0	36.8	37

1/Revised net farm value adjusted for Government payments to producers: Jan.-Mar. 25.3; Apr.-June 25.3; July-Sept. 25.3; Oct.-Dec. 26.2; farm-retail spread adjusted for Government processor tax: Jan.-Mar. 34.6; Apr.-June 34.6; July-Sept. 35.0; Oct.-Dec. 34.1; farmer's share of retail cost based on adjusted farm value: Jan.-Mar. 43 percent; Apr.-June 43 percent; July-Sept. 43 percent; Oct.-Dec. 45 percent.

U. S. Department of Agriculture
Washington 25, D. C.

POSTAGE AND FEES PAID
U. S. Department of Agriculture

OFFICIAL BUSINESS

NOTICE

If you no longer need this publication, check here [ ] return this sheet, and your name will be dropped from the mailing list.

If your address should be changed, write the new address on this sheet and return the whole sheet to:

Division of Administrative Services (ML)
Office of Management Services
U. S. Department of Agriculture
Washington, D. C. 20250.